

# The NATIONAL UNDERWRITER

Look to Your Interests! Insure in the Best!

The "Original" Travelers' Ins. Co.,  
OF HARTFORD

AGENTS FOR SYRACUSE:

Col. H. H. WALPOLE,  
JOHN D. STONE,  
PLINY DICKINSON,  
W. C. BRAYTON,  
J. C. MIX,  
JAMES L. WILLARD,

No. 10 South Salina Street.  
W. U. Telegraph Office.  
No. 10 Malcolm Block.  
General Ticket Office R. R. Depot.  
No. 2 Journal Building.  
Special Agent for State of New York.


Chart of Accident Insurance Business in the State of New York for the year ending December 31, 1865. Prepared from the Companies' Official Returns to the State Insurance Department.

NAME OF COMPANY	Capital	Assets	Net Premiums in 1865	Total Income	Policies Issued	Claims and Losses	Expenses	Ratio of Expenses to Income
1864 The Travelers' Ins. Co. of Hartford, Conn.	\$500,000	\$618,889 94	\$482,498 40	\$581,864 59	33,255	\$23,074 14	\$281,999 23	65 23
1864 National Life and Travelers, N. Y.	125,000	182,300 32	27,210 00	96,710 00	1,740	462 00	63,130 56	67 34
1865 New York Accidental, Travelers of the City of Providence, R. I.	250,000	298,777 78	50,143 84	98,773 00	3,056	6,499 67	42,376 30	65 97
1866 United States Accident Co. of Syracuse, N. Y.	200,000	207,087 07	10,820 00	18,637 80		137 13	8,304 17	63 03
			No Report.					

Syracuse, N. Y., 1866

Dear Sir -- I send you the above statement of the "Original" Travelers' Insurance Company of Hartford. Its business for the past year has been a perfect success, and I may venture to say that their reputation for fair dealing has never been dishonored.

I am, Very Respectfully,



## AS THE TWIG IS BENT

**E**VEN the most casual glance at this old "sales letter," printed nearly three-quarters of a century ago, reveals a significant fact: The cooperation that has always existed between The Travelers and its representatives in the field.

Ever since this company, America's first casualty insurance organization, was founded, it has taken pride in its representatives, emphasized them and their accomplishments. They, in turn, have emphasized the company's strength and service. There has been an intimate bond between the

agency force and the home office.

As the twig is bent, the tree's inclined. The Travelers began as "an agents' company" in 1864. Within eight months, more than 250 men in many parts of the nation had recognized the merits of this new and different enterprise and had sold nearly 3,000 policies. Within two years, Travelers agents had placed more than 40,000 policyholders on the company's books.

The way was not strewn with roses. Besides the difficulties involved in introducing a new commodity to an in-

different public, the company's early representatives had to work in an era of civil strife, economic chaos and wildcat competition.

With the confidence and close cooperation that existed between agent and company, the organization forged onward inevitably to success. And as long as its agents and its home office staff work hand-in-hand as they always have, the continued success of The Travelers and of Travelers agents is assured.

The Travelers Insurance Company, Hartford, Connecticut.

# SELL STANDARD PROTECTION

The constructive activities and widespread publicity of the National Board of Fire Underwriters have made insurance buyers keenly aware of the value of *Standard Protection*. As a result, capital stock companies have brought a substantial increase in sales to thousands of agents and brokers. When you place insurance with a company of Fireman's Fund Group, your clients receive *Standard Protection*, backed by an exceptionally strong financial structure and an outstanding loss-paying record.



*Fire • Automobile • Marine • Casualty • Fidelity • Surety*

**FIREMAN'S FUND GROUP**  
*Fireman's Fund Insurance Company — Occidental Insurance Company*  
*Home Fire & Marine Insurance Company*  
*Fireman's Fund Indemnity Company — Occidental Indemnity Company*

HEAD OFFICE • SAN FRANCISCO

NEW YORK • CHICAGO • BOSTON • ATLANTA • LOS ANGELES

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## So I'm a **TOUGH** Prospect

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Why are so many insurance agents "women-haters"? Do automobile salesmen, architects, or furniture dealers overlook women when it comes to making sales? *Absolutely no!* Women hold the purse strings for the home — buy practically everything that goes into it. They're good-paying prospects for all it takes to make a happy home — *excellent prospects for insurance.*



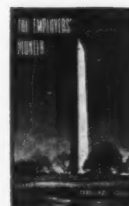
### What women want

Thousands of women — seeing Employers' Group national advertising—send for our booklet "Insurance for the Home". They seek complete information on all policies; on the value of agency service; on all phases of insurance.

**This is the way they buy insurance.** Women welcome advice. They give time to the agent. They keep accurate inventories and have complete analyses made of their needs. And they buy, not only the usual fire and furniture policies, but also burglary, liability, comprehensive, personal floater, and all the other household coverages that Employers' Group companies conveniently give in one complete home protection plan.

### Are you getting your share of this business?

If you want to increase your sales, write for a free copy of the current issue of our magazine, "The Employers' Pioneer". It's filled with sales-producing ideas — shows how to capitalize on the Employers' Group national advertising that reaches 1,500,000 prospects every month. Write to The Publicity Dept.




# The EMPLOYERS' GROUP

110 MILK STREET, BOSTON, MASSACHUSETTS

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## PERSONAL EFFECTS—

When away from home  
are not always in such  
responsible hands.

•

HERE ARE A FEW  
of the  
"ALL RISKS" FLOATERS  
written by  
**LOYALTY GROUP**

CAMERA  
FINE ARTS  
GUN  
JEWELRY  
MISCELLANEOUS PROPERTY  
MUSICAL INSTRUMENTS  
NEON SIGNS  
PARCEL POST  
PERSONAL EFFECTS  
PERSONAL FURS  
RADIUM  
STAMP & COIN COLLECTIONS  
WEDDING PRESENTS

•

Firemen's Insurance Company of Newark, N. J.  
The Girard Fire & Marine Insurance Company  
National-Ben Franklin Fire Insurance Company  
The Concordia Fire Insurance Co. of Milwaukee  
Milwaukee Mechanics' Insurance Company  
Pittsburgh Underwriters • Keystone Underwriters  
The Metropolitan Casualty Insurance Co. of N. Y.  
Commercial Casualty Insurance Company



Western Department  
844 Rush St.  
Chicago, Illinois

Canadian Dept.  
461 Bay St.  
Toronto, Canada

HOME OFFICE  
10 PARK PLACE  
NEWARK, NEW JERSEY

Southwestern Dept.  
912 Commerce St.  
Dallas, Texas

Pacific Department  
220 Bush St.  
San Francisco, Calif.

**BANISH WORRY—SELL "ALL RISKS" PROTECTION**



# The NATIONAL UNDERWRITER

Forty-third Year—No. 29

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JULY 20, 1939

\$4.00 Per Year, 20 Cents a Copy

## Cooperatives Are Opposed at Upper Peninsula Parley

O. E. Brown Is Named  
President—1940  
Meeting at Munising

IRON RIVER, MICH.—Members of the Michigan Association of Insurance Agents attending the Upper Peninsula's annual summer convention here and at Stambaugh and Caspian protested in a formal resolution addressed to President Roosevelt the continued support of the consumer cooperative movement by the federal government.

Officers chosen to arrange for next year's Upper Peninsula meeting are: President, O. E. Brown; vice-president, E. A. Wines; secretary, Vern A. Floria; and treasurer, George E. Dauzy. It was decided to hold the 1940 summer meeting in Munising on motion of Norman Bartholomew and invitation of Mr. Floria.

The meeting was the most successful and most largely attended of the long series of Upper Peninsula meetings. The actual registration was approximately 250 and more than 300 attended the Saturday evening banquet at Caspian.

The session was distinguished by the presence of four former presidents of the National association, Clyde B. Smith, Lansing, honorary life member of the state association's governing committee; William B. Calhoun, Milwaukee, Wis.; Allan I. Wolff, Chicago, and Charles F. Liscomb, Duluth, the immediate past president.

### New Dues Schedule Approved

Unanimous approval was also given to a report of the finance committee, read by Clyde B. Smith, embodying a change in the constitution providing for a new dues schedule based on premium volume. The new schedule sets up maximum dues of \$500 for agencies doing a volume in excess of \$1,000,000 annually. The schedule ranges downward as follows \$500,000, to \$1,000,000, \$300; \$250,000 to \$500,000, \$150; \$100,000 to \$250,000, \$75; \$50,000 to \$100,000, \$50; \$30,000 to \$50,000, \$25; \$20,000 to \$30,000, \$20; less than \$20,000, \$15.

It was decided to change the name of the governing committee to the executive committee. This motion also was read by Mr. Smith but was put formally by John P. Old of Sault Ste. Marie. The motion protesting consumer co-operatives was read by Waldo O. Hildebrand, Lansing, secretary-manager state association and offered by Mr. Old.

### Meet in Several Places

Convention headquarters were at Iron River but the meeting included a fire inspection of Iron River, Stambaugh, Caspian and Gastra, a fire prevention banquet at Stambaugh on Friday evening; a Saturday morning business ses-

(CONTINUED ON PAGE 8)

## Underground Parley at Eveleth, Minn.

Range Association Stages  
Novel Gathering in  
Iron Mine Theater

EVELETH, MINN.—In a theater of an iron mine 240 feet underground in the outskirts of Eveleth the Range Association of Insurance Underwriters entertained the executive committee of the Minnesota Association of Insurance Agents and a large number of other guests. It was a unique affair from start to finish.

Everybody had to travel down into the mine on an elevator to the entrance of a tunnel and from there walk to the theater. The temperature change from the surface to the tunnel was about 40 degrees. Steam heat made the theater comfortable. A modern system of ventilation constantly conditions the air of the entire mine.

### Talk on Mine Safety

Two talks on the program showed the progress that has been achieved in the safety of mine operations. Emil H. Polster, district personnel director Oliver Iron Mining Company, told how the company strives to safeguard the miners, and Harry Levant of Eveleth, president of Minnesota Association of Insurance Agents, gave a picture of conditions in the same mine when he was employed there as a timekeeper more than 25 years ago.

Mr. Polster explained that dynamite was much less dangerous to handle than most people believed. To demonstrate that fact he placed a piece of the explosive in a flame and nothing happened, to the surprise of many in the audience. Then he threw "sticks" to guests some of whom became a little uneasy. The "dynamite" Mr. Polster hurled carelessly to the visitors was a simulation made of paper stuffed with salted peanuts.

With Armand Harris, president St. Paul Exchange, as his mannequin, Mr. Polster showed how miners are required to dress for the sake of safety.

### Tells How He Enters Business

Mr. Levant divulged how it happened that he entered the insurance business. As a timekeeper in the iron mine at Eveleth, he collected premiums on accident insurance for a local agent. The sideline brought him an extra income. Then one day it was suggested to him that if he made a connection with an insurance company he could earn more in commissions. The upshot was that he soon thereafter became a direct representative of an insurance company. He finally concluded that he would like the insurance business and he quit the job of timekeeper.

Frank S. Preston, national councillor Minnesota association, discussed the functions of an insurance organization.

P. H. Ware, secretary-treasurer, announced that the annual meeting would be held at Brainerd, Sept. 8-9. "Every effort will be made to provide a strong program," he said. William Opsahl, local agent of Brainerd, promised the warmest of hospitality.

William Pellenz, district superintendent Oliver Iron Mining Company, wel-

## Seek to Revive Bill to Bring Agents Under Act

WASHINGTON—An effort is being made this week in the conference committee, consisting of seven senators and seven members of the house, to revive the amendment that would make all salesmen that are compensated on a commission basis subject to the provisions of the social security act. Leaders in the movement to revive the amendment are Cooper of Tennessee and McCormick of Massachusetts. This is a disconcerting development to those who felt that the issue had been finally disposed of in the action of the senate in passing the motion of its finance committee that the whole amendment be stricken.

The amendment was recommended in the house by the ways and means committee and passed the house. That caused a real flurry, as it took in all men compensated on a commission basis. Insurance interests, fire, casualty and life went into action immediately as well as numerous other interests such as the aluminum people and the Fuller Brush Company.

At the hearing before the senate finance committee on the question, opposition to the amendment so far as the insurance interests are concerned, was voiced by Ray Murphy, assistant general manager of the Association of Casualty & Surety Executives, and by Col. C. B. Robbins, manager American Life Convention of Chicago.

## Read Confirms Favorable Action on "Standard" Policy

Because of the confusion in the meeting room during the closing minutes of the convention of the National Association of Insurance Commissioners in San Francisco, some of the camp followers have been in doubt as to the action that was taken in regard to the proposed new standard fire policy. The action of the convention was correctly reported in THE NATIONAL UNDERWRITER of June 29. By a vote of 16 to 11, a resolution was adopted that the individual commissioners, in accordance with their own laws and in such manner as to them may seem advisable, take steps to have the revised standard fire insurance policy adopted in their respective states.

Pink of New York, as chairman of the committee, moved adoption of the resolution. Blackall of Connecticut voiced opposition to the resolution on the ground that there are already now in effect two or three different "standard" policies in the various states and the sanctioning of a new "standard" would merely bring about increased confusion.

Palmer of Illinois seconded Pink's motion. Julian of Alabama, the presi-

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comed the agents. Thomas Gill, of Virginia, president of the Range Association of Insurance Underwriters, presided. I. R. Sher, Hibbing, was toastmaster.

## Topics Discussed at Conference of Agency Officials

National Association of  
Insurance Agents Leaders  
Attacked Problems

Agent licensing laws, the Paramount Fire and branch offices were major considerations of the executive officers of the National Association during their meeting in New York. Taking part in the deliberations, which lasted from early Monday morning until late Saturday evening, were W. H. Menn of Los Angeles, president, who stayed in the east following his appearance on the program of the New England associations convention, Sidney O. Smith of Gainesville, Ga., chairman of executive committee, and General Counsel W. H. Bennett.

### Met Casualty Executives

Tackling the agent licensing laws first, Messrs. Menn, Smith and Bennett met with officials of the Association of Casualty & Surety Executives when they discussed several angles of this subject.

As no decision has been forthcoming in the litigation in the federal court of Virginia over that state's resident agent law, and little likelihood of anything coming out of similar litigation in Louisiana for a good many months, the National association representatives impressed upon the casualty executives the need for their consideration of an important part of this issue, namely, a uniform law that would first of all hold the countersigning of policies within the commissioned class of agents and not extend to the employee class. In other words, the National association asked the companies to agree that a licensing law could properly contain such a section.

### Paramount Fire Issue

Consideration of the proposed operation of the Paramount Fire resulted in a decision to report developments since the mid-year meeting immediately to the executive committee, and also to the membership assembled at the Boston convention this October.

Taken into consideration in the discussion of the Paramount was the statement issued by the officers of that company recently announcing a reinsurance treaty with the Home after the Paramount was licensed in New York state. Also involved was the decision reached by the National association at the Hollywood convention looking with disfavor upon any company reinsuring all of its liability and any company which writes only certain classes of desirable business.

Early in the week there came a request from R. M. L. Carson of Glens Falls, president of the New York state

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## O'Malley Trial to Await Release from Leavenworth

R. E. O'Malley, former Missouri superintendent, will not be brought to trial on the indictment in the state court at St. Louis, charging him with accepting a bribe, until his release from Leavenworth penitentiary. He is serving a sentence of a year and a day there for violation of the federal income tax law in connection with funds received from the Missouri fire insurance rate case compromise. A "hold" order is being sent to Leavenworth for O'Malley's arrest upon his release.

A. L. McCormack, St. Louis agent, was not indicted, the grand jury stated, because he is an indispensable witness against O'Malley. If McCormack were indicted, according to the grand jury, his standing as a witness might be impaired.

McCormack has resigned as president of the Charles L. Crane Agency Company and the disposition of his interests to the other partners in the agency is now being consummated. It is reported that Mr. McCormack intends to remain in St. Louis and operate as an insurance producer.

### Folonia, Henne Testify

Among the witnesses who appeared before the state court grand jury in St. Louis were R. J. Folonia, Chicago attorney, and E. A. Henne, vice-president and western manager of America Fore. Mr. Folonia and Mr. Henne are trustees of the funds that were placed to the credit of companies but have not yet been distributed in the 1935 fire insurance rate case compromise.

The St. Louis grand jury report stated that an inquiry was made into alleged contributions of insurance companies to the fund that got into the hands of McCormack, O'Malley and T. J. Pendergast, Kansas City Democratic political leader, who is also serving a sentence in Leavenworth. The grand jury stated that it found no evidence that the insurance companies knew of the bribe plot and if there were such evidence, jurisdiction would not lie in St. Louis, as the fund is reported to have been collected in Chicago.

### May Prosecute Pendergast

The St. Louis grand jury expressed the belief in its report that Pendergast can be prosecuted as an accessory in the bribery of O'Malley but pointed out that any such charge against Pendergast must be instituted in Jackson county. Accordingly copies of the grand jury's report are being sent to Prosecuting Attorney Graves of Kansas City and the foreman of the Jackson County grand jury with "the request that they give the matter the attention it deserves, in the discharge of their respective duties."

A copy of the report is also being forwarded to Attorney-general McKittrick of Missouri "for his information and in order that he may take any action deemed by him necessary and proper to cooperate with and assist the Jackson county authorities, as provided by law."

Inasmuch as Leavenworth is in another state it will be necessary for Missouri to institute extradition proceedings to obtain custody of O'Malley for trial.

Regarding McCormack's part in the bribery of O'Malley the jury said: "Under the law, he was a principal and could be charged as the bribe giver. But since McCormack has testified fully and freely before us and since he will be an indispensable witness for the state against O'Malley, as well as against Pendergast, if the latter should be prosecuted in Jackson county, and since, if indicted, he could claim his constitutional right not to incriminate himself by testifying at a trial of either himself, O'Malley or Pendergast, we have taken no action as to him thus preserving his status as a witness for the state."

Witnesses before the grand jury in-

## Oregon Appointment Still Undecided

PORTLAND, ORE.—There are a number of rumors flying about as to a possible successor to Insurance Commissioner H. H. Earle, although some contend that he will be reappointed. He came into office under a Democratic regime, but at the last election supported the Republican gubernatorial ticket. However, there are friends of candidates that are getting busy. One name being prominently spoken of is Earl Tully, well known local agent of Medford. Lars Bladine of McMinnville, who is on the staff of the McMinnville "Telephone Register," has a number of sponsors. He was former collector of internal revenue in Iowa. Kenneth Reed and David Atkinson, general agents in Portland, also loom up as candidates.

Governor Sprague is said by some to be rather confused and undecided as to just what he should do. Commissioner Earle has some strong support in the state but the Republican organization insists that he is only a half-breed and, therefore, is not entitled to reappointment. Another feature of interest is the report that Mr. Earle's daughter, who is a very charming young woman, is engaged to the governor's private secretary.

### Virginia Committees Named

Stuart Ragland, president Virginia Association of Insurance Agents, has appointed his new committees. Chairmen are: Public relations and conservation, C. D. West, Newport News; rural agents, R. C. Benshoten, West Point; casualty and surety, R. I. Boswell, Richmond; finance, Roger Clarke, Fredericksburg; legislative, E. T. DeJarnette, Richmond; Business Development Office, L. M. Kelley, Arlington.

cluded, in addition to McCormack, employees of the hotel and the trust company in which McCormack maintained his safety deposit box.

At Kansas City, Federal Judge Otis, who sentenced Pendergast and O'Malley, has revealed that he has recommended to U. S. attorney-general that paroles be denied to O'Malley and Pendergast. Judge Otis said that when he sentenced the two men he intended that they should serve the full time.

Paul V. Barnett, special master appointed by the federal court to go into the question of the relationship of the insurance companies to the fund that was paid to the conspirators, will start his hearings in St. Louis, July 24, he has announced. After taking depositions there he will start a hearing in Chicago, July 27, and in New York, July 31. The court directed him to file his report by Oct. 1.

## F. O. Affeld, Veteran, in Ranks Long Ago, Dead at Age of 97

Francis O. Affeld, who retired a number of years ago as United States manager of the Hamburg-Bremen, died at his home at 873 Presidents street, Brooklyn, where he had resided for some 60 years. He reached the advanced age of 97 years March 7. There are four surviving children, three unmarried daughters and F. O. Affeld, Jr., prominent New York City attorney. Mr. Affeld was a native of Prussia but was brought to this country when 4 years of age along with his twin brother, the late Charles E. Affeld, who until his death was a member of the firm of Witkowski & Affeld, Chicago agency.

The two brothers served in the Civil War, both being members of the First Illinois Light Artillery. Following the Civil War, F. O. Affeld became a solicitor and surveyor for the Mutual Security of Chicago, and later the Germania Fire of Chicago. Both these companies were wiped out at the time of the Chicago fire. In 1872, F. O. Affeld was appointed Chicago manager of the Hamburg-Bremen and a year later he was invited to New York to assist in establishing and conducting the United States branch by Manager Van Dorrien. In 1882 he succeeded to the managership in association with H. C. Buchenberger. In 1907 he became sole United States manager.

Charles E. Affeld, whose son Charles E. Affeld, Jr., is now a local agent in Chicago, entered the insurance business as a broker in 1868. He acted as surveyor for the New York Underwriters until 1873 when the firm of Witkowski & Affeld was formed. They became western managers of the Hamburg-Bremen.

F. O. Affeld is credited with having secured the adoption of the now universally used 80-percent coinsurance clause, and was a constant champion of the idea that companies should not be permitted to pay claims until responsibility for fires had been determined by local police. He was a thorough student of the business and was never quite so happy as when compiling statistics covering its different phases. Since his retirement from active duty he made a practice of regularly attending the annual meetings of the National Board. He failed to be on hand at the gathering of the board last May, however, sending word he "desired to conserve his strength for a visit to the New York Fair."

Harold Warner, United States manager of Royal-Liverpool, sailed from New York Saturday on the Aquitania for a six weeks business and pleasure trip to the head office in Liverpool.

## June Set Record for Number of Losses Handled

Loss departments in the middle west are now beginning to get a breathing spell from the series of wind losses that occurred throughout June and up to July 4. Most of the departments report that during June they handled more individual losses than in any 30-day period in their history. The losses outnumbered even those of the previous year which constituted a new high record at that time.

One of the departments states that it has evidence of a storm occurring somewhere in the middle west each day from June 7 to July 4. The losses in total amount seem to be somewhat higher than the total for 1938, although not substantially so. The losses in the aggregate are not alarming by any means, but they have thrown a heavy burden of work on the loss departments.

The farm writing companies were especially hard hit by the storms in June. The farm departments suffered some severe single shot losses ranging from \$2,500 to \$6,000. The farm loss ratio in respect of the windstorm coverage is right at the profit line and the wind losses have gone far to offset the splendid over all record on farm business during the first five months of this year. During the past five years the windstorm loss ratio on farm business has been more than 50 percent and the farm departments have come to the conclusion that they can no longer depend upon profits in the windstorm end to compensate for possible losses in straight fire business.

## Carter Heads Farm Fire Prevention Group

Rush W. Carter, superintendent of the farm department of Aetna Fire in Chicago, has been appointed chairman of the agricultural committee of the National Fire Waste Council, United States Chamber of Commerce. He takes the place left vacant by the resignation of Dennis C. Smith, formerly of America Fore. This committee has been very effective in farm fire prevention work and it is strongly supported by the managing committee of the Farm Underwriters Association.

### Insurance Section Officers

John W. Cronin, vice-president and general counsel of the Liberty Mutual, Boston, has been elected chairman of the insurance section of the American Bar Association. H. C. Spencer of Rochester, N. Y., who served as secretary last year, was elected vice-president and C. F. Robinson of Portland, Me., secretary. J. F. Handy, Springfield, Mass., and J. H. Schisler, Baltimore, were elected to the council.

The committee to pass on insurance law lists consists of Judge Frank E. Atwood, Jefferson City, Mo.; Stanley B. Houck, Minneapolis; Earl W. Evans, Wichita, Kans.; F. B. H. Spellman, Alva, Okla.

### Toledo Loss Estimate Cut

Estimates of loss in the explosion and fire in the Doehler Die-Casting Company plant in Toledo have now been revised downward to the neighborhood of \$100,000 instead of earlier estimates of about \$500,000. The explosion occurred as the result of improper connections of new gas piping. The risk is carried by the factory mutual companies.

### Morton to Corroon & Reynolds

SAN FRANCISCO — George L. Morton, at one time agency supervisor for the old Carl A. Henry general agency, which was dissolved following Mr. Henry's death, and more recently in charge of the operations of the Michigan Fire & Marine on the Pacific Coast, has joined the Corroon & Reynolds California organization as agency supervisor.

## THIS WEEK IN INSURANCE

Report on meeting of executive officers National Association of Insurance Agents. Page 3

Federal support of consumer cooperative movement condemned by Michigan agents at Upper Peninsula meeting. O. E. Brown elected president. Page 3

Joint conference of U. S. senate and house committees is still being held on status of insurance agents compensated on a commission basis. Page 3

Judge A. J. Caminetti assumes his position as California insurance commissioner. Page 5

Superintendent Pink opposes "ramp" convention idea or retaliatory moves against western commissioners. Page 5

Trial of R. E. O'Malley on bribe indictment in St. Louis will await his release from Leavenworth penitentiary. Page 4

No action will be taken by Superintendent Pink of New York against the Northwestern National for alleged payment of excess commissions until a case is tried in court. Page 5

F. O. Affeld, for many years retired United States manager of the Hamburg-Bremen, died at his home in Brooklyn at the age of 97. Page 4

Six months fire losses are given in tabular form by the National Board. Page 9

Interesting insurance exhibits at New York Fair. Estimate premiums on fair and exhibits total \$10,000,000. Page 13

Ohio agents protest licensing of agency affiliate of Cincinnati Automobile Club. Page 13

Casualty acquisition cost conference will consider commissions on New York state compensation business. Page 17

Connecticut insurance department report shows results of fire company operations in the state in 1938. Page 25

The Insurance Institute conducted under the auspices of the Georgia Association of Insurance Agents is holding its sessions this week at Athens, Ga. Page 23



## Company Granted Immunity Until Its Case Is Decided

### Interest in Action Brought in Northwestern National Issue

NEW YORK—Although July 20 was the time limit set by Superintendent Pink last May, within which the Northwestern National of Milwaukee either cease the payment of excess commissions to brokers of this city, or have its license to operate in the state revoked, a stay in the execution of the declaration has been granted, pending the outcome of a friendly action the company has instituted in the supreme court to test the power of the superintendent in such connection.

While the Northwestern National in 1923 obligated itself to observe the rules and regulations of the then recently formed New York Fire Insurance Rating Organization, of which the New York Fire Insurance Exchange is a regional division, it has never been a member of the latter body. An examination of the company by the department some months ago revealed that it followed the practice of paying brokers 10 percent commission in excess of the exchange scale, the additional compensation being granted through the medium of a special fund deposited to the credit of its manager in this city.

### Akron, O., School Insurance

The Akron, O., board of education has voted insurance policies totaling \$2,814,800 for non-fireproof building and contents, awarding 75 percent to stock companies and 25 percent to mutuals. State Representative Kasch, a member of the board, challenged the 3 to 1 vote on the insurance proposition as not sufficient to carry the measure. He charged that the action was in violation of the anti-trust laws and threatened to take the matter up with the county prosecutor. He sponsored the resolution providing for the purchase of \$10,148,000 insurance on school buildings and contents from non-assessable mutuals only. No insurance is carried on fire-proof buildings. Previously 60 percent was in stock companies and 40 percent in mutuals.

### British Oak Appointment

Following acquisition of the control of British Oak of London by Union of Canton, the Canadian head office of British Oak will be located at 44 Victoria street, Toronto. C. E. Sword, present manager in Canada for the Union group, will act in a similar capacity for British Oak. Willis Faber & Co., 36 Toronto street, Toronto, have been appointed general agents for Ontario. J. R. LaChance, former Canada manager for the Rhode Island, will represent the company as general agent in Quebec.

### Probe Committee Status in Doubt

DENVER — The status of the interim insurance investigating committee named by the legislature remains uncertain. State Auditor Bedford maintains that the \$3,000 appropriation for the committee is not legal, since it was passed by only one house and did not have the governor's signature. Although no expense account has been presented by the committee as yet, he says if the claim is made he will not release the funds without a court order.

## Orders Paramount Fire Activities Stopped in Tenn.

Commissioner McCormack of Tennessee has entered an order that no transaction pertaining to coverage of property in Tennessee by Home of New York be consummated when such transaction is carried out in conjunction with Paramount Fire, a company that is not licensed in Tennessee. The order was transmitted to J. C. Schmitt, Tennessee state agent of Home, following a hearing conducted by the Tennessee department on the Paramount Fire issue.

In his letter to Mr. Schmitt, Mr. McCormack stated that evidence at the hearing seems to sustain the fact that all policies issued under series P by Home of New York were issued in contemplation of a deal with Paramount Fire, a non-licensed company. "It, therefore, seems," Mr. McCormack stated, "that all such series P policies are issued illegally in the state of Tennessee."

Mr. McCormack states that it has been called to his attention that Home has entered into a 100 percent reinsurance agreement with Paramount Fire. "Would call your attention to section 6111 of the Tennessee code," he told Mr. Schmitt, "which states that the authority of any foreign insurance company to transact business in this state may be revoked, if such company shall reinsure or accept reinsurance on property located in Tennessee for any company not authorized to transact the business of insurance in Tennessee."

At 5 p. m., Monday, Commissioner McCormack of Tennessee, announced that all authority granted Paramount Fire to sell its stock in Tennessee was revoked. Vice-president E. E. Murrey having failed to offer any evidence to controvert the findings of a formal hearing July 5 on alleged violations of the blue sky law.

It was also announced from Mr. McCormack's office that at least five of the seven agents in the state who had been furnished with the "P" series of policy forms, which drew considerable attention at the hearing, have returned these forms in compliance with the commissioner's order. These agents are E. E. Murrey, Nashville; Van Court, Memphis; Whitney Colburn, Ferger Bros. &

## Judge Caminetti Now Assumes Office as Commissioner

SAN FRANCISCO—Judge A. J. Caminetti, Jr., appointed insurance commissioner June 24 by Governor Olson, has taken over the office in San Francisco. The delay was occasioned by illness which overcame the new commissioner shortly after his appointment and two cases in his court in Amador county which had to be completed.

The only statement Commissioner Caminetti, who prefers to be called "Judge," would make was "it is Governor Olson's desire that this division of the state government be thoroughly divorced from politics, that it be conducted fairly, honestly and justly and it will be my pleasure while occupying this position to comply one hundred percent with the governor's wishes."

### J. D. Ewell Relicensed

RICHMOND, VA.—J. Davis Ewell of Richmond has been licensed for the new year after being under suspension for three months for circulating an "opinion" calculated to weaken faith of insurance purchases in mutuals.

J. L. Story, Portsmouth, Va., local agent, whose license was recently revoked for the rest of the license year, ending July 15, has been denied renewal of his license for the year beginning July 16. His license was ordered revoked after a hearing before the state corporation commission on charges of soliciting business while under suspension and of misrepresenting a mutual.

The A. Z. Fullick agency, Stanton, Tex., has been sold to the W. B. Rees agency there.

Huffaker, and Jas. R. Chamberlain; and Stevens-Summers Co., Dyersburg.

Only a brief comment on the whole matter was forthcoming from Commissioner McCormack, as follows: "The matter is closed so far as the insurance department is concerned unless and until application may be made, if at all, for a license to operate in Tennessee."

The executive committee of the Tennessee Association of Insurance Agents is scheduled to have a meeting some time this month and the Paramount Fire issue will undoubtedly be discussed at length at that time.

## Pink Is Against "Rump" Convention, Retaliatory Steps

### Plans to Continue Past Policy of Inviting Outside Examiners

NEW YORK—Despite the rebuff of New York's compromise offers at the recent San Francisco convention of the National Association of Insurance Commissioners and the resulting stalemate on the examination question, Superintendent Pink of New York is opposed to the idea of a "rump" convention of eastern commissioners and those sharing their views, though he would attend such a meeting if one were called, he said, in answer to questions by THE NATIONAL UNDERWRITER.

Mr. Pink feels that the "rump" convention proposal, if carried out, would only further intensify the spirit of sectionalism that started when a group of the western states began getting together as a separate unit. He doesn't want to see the eastern commissioners and others who agree with their principles making the same error that he feels the western group made.

### Seeks No Retaliation

Asked about his next move, Mr. Pink said he thought the next move is up to the group which refused to compromise. The responsibility is now theirs, he said, intimating that the realization of this added responsibility might be a factor in bringing about a solution of the examination problem. Mr. Pink said he has no intention of making a public issue of the examination question or attempt to stir up sentiment among the electorate. He plans no retaliatory steps or taking the offensive.

As far as New York examinations are concerned, Mr. Pink said he intends to go right on inviting examiners of other states to participate—how many

(CONTINUED ON PAGE 8)

## LECTURERS AT THE FLORIDA INSURANCE SCHOOL



The short course in fire, casualty and surety sponsored by the Florida Association of Insurance Agents and general extension division of the University of Florida held at Hollywood brought to the fore a number of excellent instruc-

tors. In the list from left to right Homer T. Gray is an attorney at Jacksonville and a member of the firm of Marks, Marks, Holt, Gray & Yates. Ralph Davis is deputy insurance commissioner of Florida. Miss Mary Fincher is a mem-

ber of the local agency of Langston & Co. of Miami. E. Dana Johnson of Atlanta is assistant secretary of W. H. McGee & Co., well known marine firm. F. T. Hargratt is manager of the Washington service office of Home of New York.



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#### St. Louis F. & M. Changes Setup in Three Cities

ST. LOUIS—Because it found that it could operate in Cincinnati and Kansas City more economically on a general agency basis, St. Louis F. & M. has closed its branches in those cities. However, it will continue to operate the branch in Chicago.

In Kansas City the general agent is the Associated Insurance Agency Company, Victor building; while at Cincinnati Thomas McEvilly, Jr., & Associates, First National Bank building are its general agent. The Kansas City branch was opened in 1934 and the Cincinnati branch about two years ago.

R. P. Beaudry, who was Cincinnati manager, is now associated with Mr. McEvilly.

C. A. Bacon has resigned as Chicago and Cook county manager of St. Louis F. & M. He opened the branch about three years ago, previously for a number of years having traveled in middle western states for the Corroon & Reynolds companies.

John Roscoe, who has been an assistant in the office, is temporarily in charge.

#### Governor's Appointee Sues for Colo. Commissioner Job

PUEBLO, COLO. — Summers E. West of Greene & West, local agents here, has filed suit to try to establish his right to the position of insurance commissioner. The action follows a long-drawn dispute between the governor and the attorney-general as to who has the right of appointing the commissioner. Luke J. Kavanaugh, present commissioner, is the attorney-general's appointee. Mr. West was appointed by the governor.

#### Tucker Succeeds Rankin

W. P. Tucker has been named manager of the fire insurance department of I. Reinhardt & Son, Dallas general agents, succeeding the late Charles Rankin.

Robert Saxon has rejoined the agency as rate engineer and assistant to Mr. Tucker. He was with it several years and resigned to go with the F. W. Offenhauser agency at Texarkana.

A successor to the late Julian Ivy, manager of the oil department of the agency, will be named soon.

#### California Agents Protest

The directors of the California Association of Insurance Agents have adopted a resolution condemning practices of some companies soliciting fire and casualty risks direct. It adopted a resolution upholding the national councillors of the far west territory in their request that underwriters agencies be discontinued. It was reported that some companies are allowing their field men to solicit county business direct quoting rates and preparing surveys without notifying their agents.

#### Announce Examination Awards

SAN FRANCISCO — W. M. Van Bokkelen, Aetna Fire, San Francisco, has been awarded the first prize of \$50 donated each year by the Fireman's Fund to students having high grades in the annual examinations of the Insurance Institute of America. Mr. Van Bokkelen scored 93 percent in the inland marine course.

B. C. Sturges, Hartford Fire, and M. M. Tompkins, Fireman's Fund, tied for first place in the junior fire division with grades of 88.5 percent. They each received \$25 from the Fireman's Fund. H. J. Johnson, Fireman's Fund, was first with 90 percent in the intermediate division, and D. A. Knapp, Pacific Board, first in the senior division with 89.5 percent. They also receive \$25 each.

At the quarterly meeting of the directors of the St. Paul Fire & Marine, T. A. Phillips, president of the Minnesota Mutual Life, was elected a director.

#### Placing of La. Bridge Bond Causes Stir in State

BATON ROUGE, LA.—Gov. Long announced that his orders prohibiting any firms or persons from monopolizing state business will apply also to insurance purchased by the state. He believes that insurance should be bought where the best prices can be secured and he believes that it should be divided among as many agents as possible.

Something of a stir has been caused in Louisiana by the handling of the contract bond for the construction of the \$10,000,000 Mississippi river bridge at Baton Rouge. The Baton Rouge Insurance Exchange held an executive meeting to consider memorializing the governor to make more equitable distribution of insurance in connection with public properties.

Lowry Eastland, state representative and member of the local agency of Roberts & Eastland, Baton Rouge, stated that he had received \$1,500 of the commissions on the bond and he said that the balance of the commissions were dispersed by Joseph C. Meyers of Meyers, Whitty & Hodge, the New Orleans agency that wrote the bond, in accordance with suggestions of the governor.

The Baton Rouge Insurance Exchange asserted that under the administration of former Governor Leche there was a monopoly of insurance on state property distributed among a few favorite agents.

#### Ratio of Not Takers Improves

The bureau casualty companies report that they are not only getting an increased amount of automobile business these days, but that the ratio of not taken policies has dropped sharply since the new automobile rate program was introduced. That means that the bureau companies are holding their existing business to a far greater extent than they were before the rate advantage enjoyed by the non-bureau companies was removed.

#### Sentence "Auto Club" Sponsors

NEWARK—Robert Giordano, alias Robert Raymond, Pensauken, N. J., has been sentenced to two to three years in the state prison for his activities in promoting the "National Automobile Club" and Alton Waldstein, involved in the scheme, was given a suspended sentence of two years to give him an opportunity to make restitution.

The men were arrested on complaint of W. J. Snediker, chief of the license department in the insurance division, who charged them with selling at \$15 memberships in the club which purported to furnish automobile liability coverage. He charged that they were without authority to sell insurance and had no license to do so. Complaints arose when claims were made and which were never paid.

#### Retires from Canada

The Rhode Island is retiring from Canada, its business in the Dominion having been taken over by Royal. It was licensed in Canada in 1927. J. R. LaChance of Montreal has been manager.

J. D. Chittenden, formerly with the Liberty Fire of Louisville, has been appointed casualty manager at the Houston branch office of the Texas General Agency Company of San Antonio.

#### Wanted Assistant Counterman

Assistant counterman wanted in fire local agency. One who is familiar with automobile and compensation insurance. State age, salary expected. Apply in own handwriting. State where last employed.

Address K-21, The National Underwriter  
175 W. Jackson Blvd. Chicago

## NEWS OF FIELD MEN

### Pacific Northwest Group Meets in Portland, Ore.

PORTLAND, ORE.—The Northwest Special Agents Association, made up of Oregon and Washington field men, held its annual session here this week.

D. E. Beard, president of the Oregon division, and G. Emory Moore, head of the Washington section, jointly presided over the morning business session.

H. P. North, assistant director Business Development Office, San Francisco, gave an address on its activities. Other speakers were W. G. Rich, chairman Oregon conference committee, and Charles Collier, registrar American Institute of Public Relations.

Honor guests at the banquet were Commissioner Sullivan of Washington and Commissioner Earle of Oregon.

### Oregon Blue Goose Elects

PORTLAND, ORE.—At the annual meeting of the Oregon Blue Goose, these officers were elected: Most loyal gander, L. G. Wilson, Seeley & Co.; supervisor, Roy Owne, Owne & Co.; guardian, Harold Hays, Firemen's group; keeper, Louis R. Centro, St. Paul F. & M.; welder, W. J. Moe, Fire Companies Adjustment Bureau. W. E. Schiffer was elected delegate to the grand nest meeting, with W. R. Atkinson as alternate. Six goslings were initiated.

### Gregg and Munro Are Champions

R. H. Gregg, Crum & Forster, and J. R. Munro, Union of Indiana, were the winners in the golf tournament of the Dan T. Smith puddle of the Illinois Blue Goose that was held at Decatur. Gregg and Munro will compete, prob-

ably in September, against the winners in the tournaments conducted by the Peoria puddle and by the Chicago contingent to determine the winner of the Illinois Blue Goose golf trophy.

### Missouri Executive Committee

Paul H. Barr, Hanover, president Missouri Fire Prevention Association, has named on the executive committee Paul W. Terry, Missouri Inspection Bureau, and T. G. Webster, Home, both of St. Louis; F. E. Hoffman, Jr., Concordia, Sedalia; W. O. Woodsmall, Fire Association; John Battershill, Firemen's, and T. O. Nuckles, Sr., Springfield Fire & Marine, Kansas City.

District chairmen have been named for the northwest, west central, southwest, northeast, east central and southeast divisions.

### T. D. Morrell to Colo. Field

Thomas D. Morrell has been transferred from the Illinois field by Home of New York to Colorado, where he will travel under the supervision of State Agent John M. Heath. Mr. Morrell has been in the Illinois field for several years and is well known in that territory.

H. D. De Marcus of the Chicago office of the Home has been appointed special agent in Illinois to succeed Mr. Morrell.

Mr. DeMarcus for the past 2½ years has been chief clerk in the Illinois state agency department. Previously for about two years he was in the farm department of the Home in Chicago.

### Griffen to Royal-Liverpool

Robert A. Griffen, who has had considerable field experience in Nevada, has been appointed special agent of the Royal-Liverpool groups in that territory with headquarters in Reno. State Agent

W. H. Siemer, who has handled the Royal group in that state, now has charge of both company groups.

### Whaling with Firemen's

L. E. Whaling, who has been connected with the Rockford, Ill., office of the Illinois Inspection Bureau for some time, becomes special agent for the Firemen's group in Illinois with headquarters in Rockford, traveling under State Agent John L. Hon, who makes that city his headquarters. Mr. Whaling's headquarters will be in the new Firemen's service office, 501 Talcott building, Rockford. He had been with the Illinois Inspection Bureau 12 years.

### Pfalzer to London & Lancashire

A. M. Pfalzer, who has been with the Los Angeles office of the North America companies for some time, has been made office manager of the southern California service office of the London & Lancashire Indemnity and also will act as special agent of the London & Lancashire Fire.

### N. J. Field Club Meeting

The New Jersey Field Club will hold a dinner meeting at the Old Orchard Country Club, Eatontown, July 24. The Monmouth County Association of Insurance Agents will also hold its annual outing there at that time.

The North America companies have consolidated their Iowa offices at 303-305 Fleming building, Des Moines. George A. Holbrook is state agent and R. H. Petefish, C. E. Wilson and E. J. White, special agents. Mr. Wilson has moved his office from Ames, Ia., where he has been for several years.

### Pearl Deal Again Attacked

A second suit has been started in Montana in an effort to upset the placing of some \$10,000,000 of fire insurance on state buildings in Pearl As-

urance. A three-year policy in Pearl was recently canceled and rewritten for another three-year term on a more liberal basis.

The first suit was brought by T. B. Miller, Jr., local agent of Helena, but this action was withdrawn June 22, when Miller admitted that he had been acting on a mistaken premise.

The second suit was brought by P. B. Davidson of Anaconda. He contended that the same insurance could have been written by "standard companies" at a rate of 64 cents instead of the 75 cent rate charged by Pearl. The same contention was made in Miller's suit, but he later admitted that he was mistaken and that insurance in board companies would have been somewhat more costly.

Davidson charges that there was no valid meeting of the state insurance commission to approve the Pearl contract because of the lack of proper notice and the absence of the chairman.

District Judge Padbury in Helena issued a temporary writ restraining payment of the premium to Pearl and set a hearing for July 31.

### Swett & Crawford Expansion

The Pacific Coast general agency business of George E. Billings Company has been taken over by Swett & Crawford. Those officials of George E. Billings Company who are joining Swett & Crawford include R. J. Lutich, Pacific Coast manager; J. W. Scanlon, southern California manager, and Bruno Hermann, Pacific northwest manager. Mr. Lutich becomes manager of the Swett & Crawford marine department and Mr. Scanlon and Mr. Hermann assistant managers of that department.

V. M. Haidinger, Los Angeles manager for Newhouse & Sayre, was married there to Jane Phelps of Los Angeles.

The Pawtucket Mutual Fire has been licensed in Virginia with principal office at Norfolk.

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## Pink Is Against "Rump" Convention

(CONTINUED FROM PAGE 5)

examiners and which states depending on the size of the company being examined, the distribution of its business outside New York, and the number of New York examiners who will be on the job. This plan keeps the examination expense roughly proportional to the company's size. Limiting the ratio of outside examiners to New York examiners is in line with New York's statutory provision that New York companies must be examined by New York civil service examiners. This law is the storm center of the examination controversy and in the compromises he has offered Mr. Pink has gone as far as he thinks the law permits him to.

## Topics Discussed at Conference

(CONTINUED FROM PAGE 3)

association, for a conference on branch offices. Meeting on this question were Mr. Carson, T. A. Sharp of Rochester, President A. J. Smith and the entire executive committee of the New York City Agents Association, C. S. Stults of Hightstown, N. J., and Messrs. Menn, Smith and Bennett. A. J. Smith and Mr. Stults are also members of the executive committee of the National association.

As spokesman for the group, Mr. Sharp recited the disappointment of the agents in the branch office problem, which he said met setbacks one time after another with no results whatever toward a solution. Mr. Bennett was called upon to recite a history of the branch office situation, which ran back to the Philadelphia convention of the National association in 1932.

At one point in the discussion Mr. Sharp suggested that the membership of the National association be polled by questionnaire for the purpose of determining if they would follow through if the association should take a definite and militant stand on the question of branch office operation.

President Menn and Chairman Smith pointed out many of the difficulties that stood in the way of a solution. They expressed concern at the unfair competition and voiced their willingness to give further consideration to the question.

## Cooperatives Opposed at Upper Peninsular Parley

(CONTINUED FROM PAGE 3)

sion at Iron River, with Guy M. Cox, Upper Peninsula president, presiding; an afternoon session in Stambaugh, and a banquet in Caspian.

Secretary - Manager Hildebrand reported a membership of 535 agents. He said that legislative activity probably prevented attainment of a membership of 700 by September of this year. He said the Lansing office provides a broad service to the membership. About 150 letters are received weekly, asking information or assistance. The association's standing committees, he said, including a speakers' bureau, provide assistance of inestimable value. He stressed the importance of the legislative committee, headed by Clyde B. Smith, in guarding against inimical legislation.

Harry K. Rogers, Western Actuarial Bureau, speaking at Stambaugh, stressed the vital importance of fire prevention as a community problem.

Other speakers included: William Bishop, manager state accident fund, Lansing, who said the fund operates now entirely on an agency basis and is in excellent financial condition while leading the compensation field in volume. Norman C. Bartholomew, Iron Mountain, spoke on "Inland Marine Insur-

ance." Commissioner Emery, who warned against federalization of business and complimented agency forces, urged use of fewer producers operating on a higher standard. Joseph Mundus, Ann Arbor, who substituted for President Martin Mullally, Muskegon, who was unable to be present because of a death in his agency organization, talked on B.D.O. work and urged more such missionary work. Fred A. Roper, Menominee, and Mr. Old, "Soo," 13th, and 14th district governing committee members, and Guy M. Cox, Iron River, 15th district, reported on district affairs. Mr. Old urged a reduction in the extended coverage rate.

## Stuyvesant Gradually Expands

NEW YORK—Already licensed in Indiana as well as in several eastern states, the Stuyvesant of this city will shortly seek admission to Ohio. It does not contemplate entering other mid-western states, at least not for some time.

## Mid-America in Texas

Mid-America Casualty of Cedar Rapids, Ia., has been licensed in Texas. H. R. Hazlewood is in Texas in the interest of development work and he will spend the ensuing three weeks with headquarters at St. Anthony Hotel, San Antonio. Mid-America is completing application to Missouri.

David Willis, Jr., of the firm of Willis, Faber & Dumas, brokers at London Lloyds, and a great grandson of the founder of the firm, is visiting the firm's representatives in the principal cities of Canada and the United States.

Loss is estimated at \$60,000 in a fire that attacked the plant of the Pure Illinois Aluminum Company at Lemont, Ill. The insurance involved amounts to \$402,000.

E. H. Litoff is president and F. A. Leitz secretary-treasurer of the newly formed Litoff Insurance Agency, New Orleans.

## Read Confirms Favorable Action on Standard Policy

(CONTINUED FROM PAGE 3)

dent, called for an aye and nay vote and announced, "The chair is in doubt." A rising vote was then taken and President Julian declared the report adopted.

This action came after the exciting debate on the company examination issue and at just before 2 p. m. Many of the commissioners and most of the camp followers had already left the meeting room.

The facts of the vote are confirmed by Jess G. Read of Oklahoma, secretary of the association, who consulted the records.

## New Company for Quebec

Notice has been given of the intention to apply for incorporation of the National Insurance Society to operate in the province of Quebec. It is proposed to write accident, automobile, aviation, burglary, guarantee, hail, inland and ocean marine, plate glass, sickness, sprinkler leakage, boiler, windstorm and rain insurance. The head office will be in Montreal and the proposed capital is \$500,000.

## Status of Illinois Legislation

Governor Horner of Illinois has signed a bill that restricts the issuance of agents, brokers and solicitors licenses to citizens of the United States or those who have applied for naturalization papers. This is one of a series of bills limiting various fields to U. S. citizens.

The governor has also signed the bill which permits cities and villages to license or tax foreign fire insurance companies for the benefit of their fire departments.

Governor Horner has vetoed the bill providing for licensing of adjusters. He has taken no action on the bill creating a committee to investigate the insurance department and insurance in general.



Millions of visitors in 1939 will see America's most interesting city and the wonderful New York World's Fair.

1939 has its significance for our organization also, for it is our 75th ANNIVERSARY.

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## VIEWED FROM NEW YORK

By GEORGE A. WATSON

## SIX MONTHS FIRE LOSSES

Though less by 10 percent than the record of the preceding month, the fire waste in June, as tabulated by the National Board, was greater by 24 percent than that of the same month in 1938. Last month's total was \$24,190,700, as against \$19,473,617 suffered in June, 1938. Its figures, the National Board emphasizes, are "estimated on an incurred basis, including an allowance for unreported and uninsured losses." Inclusion of the June figures brings the total losses for the first half to \$165,885,926, compared with \$151,207,237 in the like period of last year. In each of the months since January, except one, the losses have increased over those for similar months in 1938, confirming the early prediction of executives that the era of subnormal losses had passed and that a steady advance in the number of fires might be expected. The record month by month thus far in 1939, as against that of 1938 and 1937, is given:

	1937	1938	1939
Jan. ...	25,069,895	27,676,337	27,615,316
Feb. ...	28,654,962	26,472,626	29,303,520
Mar. ...	29,319,029	29,050,968	30,682,168
Apr. ...	26,663,854	25,616,112	27,061,522
May ...	21,437,789	22,917,577	27,031,700
June ..	19,524,765	19,473,617	24,190,700

Total ..150,957,964 151,207,237 165,884,920

The New York "Journal of Commerce" records 202 fires in June in the United States and Canada causing damage of \$10,000 or more. The aggregate is \$7,575,100. The largest loss was in the east with \$2,695,000. The larger losses were: Barnstable, Mass., cranberry plant, \$200,000; North Brookfield, Mass., rubber plant, \$75,000; Bolmar, N. J., furniture warehouse and Acme Super-Market, \$90,000; Binghamton, N. Y., Keeshin Motor Express warehouse, trucks and trailers, \$90,000; Cramston, R. I., apartment house, \$175,000; Savannah, Ga., fertilizer plant, \$150,000; Durham, N. C., baseball park and warehouse, \$125,000; Talco, Tex., asphalt refinery, \$90,000; Chicago freight boat, \$90,000; Des Moines department store, \$300,000; New London, O., printing plant, \$150,000; Perrysburg, O., dwelling, \$100,000; San Francisco, Japanese American news plant, \$90,000; Yreka, Cal., 47 cars, cafe, tavern, etc., \$100,000; Okanogan, Wash., packing and cold storage plant, \$125,000; South Bend, Wash., shingle mill, \$75,000; Quebec, Can., brewery, \$125,000; Ste. Sophie D' Halifax, Que., church, \$90,000.

## TELLS ABOUT N. Y. REVISIONS

One of the papers read at the insurance section meeting of the American Bar Association at San Francisco dealt with the amended New York insurance code pointing out the revisions. It came from Attorney A. G. Thacher of 72 Wall street, New York, who has had published in pamphlet form his treatise. Mr. Thacher is a well known marine insurance attorney. In his paper he gave a historical introduction, then dealt with insurance regulation in England and the United States, specializing on New York, running from 1849 to 1939. He takes up the 1939 revision,

discussing the administrative and procedural provision, organization including underwriting powers, assets, investments and deposits, agents, brokers and adjusters, insurance contracts, rates and rating organizations, taxes and fees, life, accident and health companies, non-profit medical corporations, savings bank life insurance, rehabilitation and liquidation. It is a valuable reference work to have on hand in view of the changes made in the New York insurance law.

## GRATIFYING DECREASE SHOWN

A gratifying decrease in the amount of unearned premiums due both fire and casualty companies last February, compared with the figures of the same month of 1938, is revealed in the report of the Central Bureau, New York City. Outstanding fire premiums in February were \$12,237, as against \$13,401 in the like month of the previous year, while casualty outstanding was \$50,548, less by \$18,613 than for February, 1938.

Business has no self-starter—you have to crank it yourself.

## CHICAGO

## GOOD ADVANCE SALE REPORTED

Advance ticket sales for the All-Insurance Field Day to be held July 25 at Olympia Fields Country Club are far exceeding expectations, the Insurance Brokers Association of Illinois, Inc., reports.

More than 250 tickets have been sold or spoken for with some offices taking as many as 15 to 30 tickets each.

Floor captains have been appointed for the 21 floor, huge, block square Insurance Exchange building and they are vying with each other for the honor of having the largest sale. Clark Nolan, field day committee head, announces that tickets will be sold from 11:30 a. m. to 2 p. m. every day in the north lobby of the Insurance Exchange until the day of the event. Many of the prizes are on display in glass cases in the north lobby.

Harold O'Brien of O'Brien & Co., met Wednesday with the Fellowship Club of the Chicago Board for the purpose of discussing and working out plans for promoting the field day.

R. I. Read, Chicago manager Crum & Forster, is chairman of the golf com-

mittee, who will set the rules for the golf tournament that day, which will be conducted over three of Olympia Fields sporty courses.

## KRAMER FILLS LONGLEY'S POST

C. Henry Kramer has been placed in charge of the Chicago department of the Manufacturers Mutual Fire group, taking the place left vacant by the death of Arthur A. Longley. Mr. Kramer has been with Manufacturers Mutual about 19 years in Chicago as consulting engineer.

Mr. Longley died in St. Luke's Hospital, Chicago, after an illness of about a month. He entered the inspection department of the factory mutual companies in 1908, after graduating from Massachusetts Institute of Technology. He was a native of Kalamazoo, Mich. After a short time he joined the Manufacturers Mutual fire group and in 1912 was assigned to establish a Chicago office. In 1927 he became a vice-president of the company. He was 56 years of age. The funeral in the Beverly Hills section of Chicago was attended by Hovey Freeman, president, and Earle Harrington, vice-president of Manufacturers Mutual.

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To Survey

OR NOT TO SURVEY • •

That's the question! One thing sure, there's no better way to get to the bottom of a man's insurance needs and to get to the top of the insurance ladder. As a matter of fact, it looks as if there'll be more surveys in '39 than ever before. Would you like to see a free sample of a survey made up on our forms? If so, write to Production Department

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## EDITORIAL COMMENT

### General Agents and Company Pools

ADOPTION of a resolution on the subject of company pools by the AMERICAN ASSOCIATION OF INSURANCE GENERAL AGENTS at their recent annual meeting in San Francisco has created something of a stir in certain quarters. The wording of the resolution has been construed by some as indicating that the general agents have decided to engage in a rather earnest struggle to break up existing syndicates. Although the resolution employed rather strong language in referring to existing pools, those that are in touch with the temper of the general agents association are satisfied that the members have no serious designs on the present syndicates but that their real interest is in the direction of preventing the setting up of new pools. Probably the resolution was prompted by the recent publicity concerning the idea that was advanced to create a pool to write public properties. That proposal, it is stated in authoritative quarters, has now been abandoned, at least for the time being.

The general agents, at their meetings for the past several years, during the period devoted to informal discussion, have discussed company pools. The discussion has been off the record until this year, because the general agents knew that it was a touchy subject and they did not want to appear in a quarrelsome light. General agents are not paid an over-riding commission on pool business and this has been a source of considerable dissatisfaction with them. For instance, they say that frequently they are called upon to render considerable service to agents in connection with risks that are placed in the Factory Association and other risks and yet there is no direct compensation to the general agent for this work. One or two of the company representatives that have attended these meetings and participated in the discussion have volunteered to help the general agents get some consideration in this matter.

At the SAN FRANCISCO meeting a date was made with PAUL L. HAID, president INSURANCE EXECUTIVES ASSOCIATION, for this fall. A committee of the general agents will meet with the committee that is gotten together by Mr. HAID to discuss the company pool question and other matters of special interest to the general agents.

The general agents are a conservative group of men. They seek to stand well both with companies and agents and as a rule they avoid provoking issues and

taking any quarrelsome action.

The resolution on pools was phrased in rather strong language. The opening paragraph reads: "Recognizing in company pools harm to the American agency system in that their concentration of power and facilities and their restriction of competitive efforts tends toward a monopolistic control and the limitation of opportunity in the field of constructive individual enterprise, we, members of the American Association of Insurance General Agents in convention, do deplore the evils inherent in the pool method of doing insurance business, and we urge our companies so to rule and govern the special-class pools that they will neither take facilities nor means of earning from persons engaged as local or general agents."

The final paragraph requests the companies to refrain from setting up additional pools.

Some of those that are close to the company syndicates have taken umbrage at this resolution. They contend that the general agents are taking a selfish position that cannot be justified. They say that the pools were not manufactured by the companies as an ingenious device, but their formation was dictated by the necessities of competition and by the necessity of providing specialized service at as low a cost as possible. The expense ratios of the pools are low and the managements are jealous of any effort to increase their cost of operation. Some, indeed, see an opportunity to bring the costs down even further by combining the various pools that are now existing under one general management and maintaining inspectors and other service on a joint basis.

The pools now in existence, probably not even the most disgruntled general agents would seek to destroy. They recognize that in the fields in which the pools operate the stock companies could not hold the business if the rates were charged with full competitive expense and with the expense of maintaining duplicate services on the part of most of the companies. The general agents would like to have a little share in the commissions on this business, but we believe that they are not disposed to press the issue to a point of causing a real collision with the companies. They are prepared, apparently, to offer stiff resistance to extension of the pool principle into other fields.

The companies are not eager to set up new pools. For several years there

has been an attempt to get the companies together in a syndicate to handle long haul trucking risks, but these efforts have come to naught. The pressure for the formation of pools seems to come in connection with high valued risks of a special class that require expensive and expert service and where competition becomes so overpowering that a reduction in cost must be accom-

plished. Then there is the type of pool that is organized to handle especially hazardous and troublesome risks of high values. The pools now in operation have been efficient. The general agents apparently perceive a danger to themselves and to the agents if considerations of what seem to be efficiency alone are permitted to compel the organization of company pools.

## PERSONAL SIDE OF THE BUSINESS

**Arthur M. Brown, Jr.**, of Edward Brown & Sons, San Francisco general agency, who has been a member of the San Francisco board of supervisors for seven years, has announced that he will run for mayor at the fall election.

**John J. McKay**, southeastern manager of the New Hampshire group, Macon, Ga., has recovered from an automobile accident in which he barely escaped fatal injuries.

**H. V. Godbold**, 67, head of the H. V. Godbold Co. agency, Richmond, Va., celebrated both his wedding and birthday anniversaries July 20, and also the 45th anniversary of his entrance into the insurance business. He started in 1894 with the Haas & Watson general agency in Atlanta. He has been operating his agency in Richmond since 1916. His only son, H. V. Godbold, Jr., is with the statistical department of the Zurich in Chicago.

**Capt. Walter Calvert** of the Booker & Kinnaird agency, Louisville, is in charge of 40 members of the 138th Field Artillery, on duty in the Harlan county, Ky., coal fields.

**B. T. Duffey**, regional manager of the Royal-Liverpool groups, Cleveland, was honored at a party tendered him by the Frankel Bros. agency of Cleveland on Mr. Duffey's birthday. He is one of the best known insurance men in Ohio and has been with his company nearly 40 years. Frankel Bros. have represented the L. & L. & G. since the agency was established 27 years ago. Sixteen couples were present at Oakwood Country Club for the party, which included luncheon, golf and dinner. Besides members of the agency and the Royal office, J. N. Thompson, superintendent general cover department, New York, and Hoyt W. Gale, president of the Gale Co., Cleveland, were present with their wives. Mr. Duffey was presented golf and duffel bags.

**E. K. Greene**, manager of the Gray-Duncan-Greene agency of Sioux City, Ia., was stricken while at his cottage at Lake Okoboji, and is in the hospital at Spirit Lake, Ia. It is reported that his recovery is now assured, although it will be a slow one. He will be returned to Sioux City soon.

**J. H. Doyle**, general counsel National Board, left on his vacation last Saturday, planning to spend several weeks at his ranch at Del Norte, Colo., as has been his wont for a number of years.

**R. L. Bowen**, former Ohio superintendent, and Miss Victoria Folwell were married in Norwalk, O. They will reside in Cleveland. Mr. Bowen is head of a real estate organization in Columbus and also represents the Northwestern

Mutual Life in Cleveland, a position he held before being appointed superintendent of insurance. Mrs. Bowen was for a number of years in the Penn Mutual office in Cleveland and later was with the insurance department.

**P. D. Kiernan**, president of the Rose & Kiernan agency of Albany, N. Y., headed a syndicate of five which purchased at auction the 369-acre estate of the late A. S. Ochs, former publisher of the New York Times. The property, which includes a 22-room dwelling, garage, stable, greenhouse and other out-buildings, is located on Lake George front, about five miles north of the village of that name. The tract, valued at close to \$150,000, was sold for \$24,000. Mr. Kiernan denied the reputed purpose of the new owners to turn it into a "dude ranch."

**R. M. L. Carson** of Glens Falls, president New York State Association of Local Agents, is bereaved by the death of Mrs. Carson.

**Frank C. Hatfield, Jr.**, Georgia special agent Phoenix of Hartford, was removed to safety when fire destroyed a hospital at Huntsville, Ala., where he had undergone an appendectomy. His condition had improved after an attack of peritonitis and he was about ready to leave the hospital when the fire occurred. He was removed to the Russell Erskine Hotel at Huntsville. Mr. Hatfield, who formerly was a special agent of the Aetna Fire in Arkansas, went to Atlanta two months ago. His late father was a vice-president of the Phoenix.

**Ralph R. Chapman**, secretary at the head office of Corroon & Reynolds, is vacationing at Lac du Flambeau, Wis., and is deriving much satisfaction from the fact that he is sleeping under blankets.

**Rodney D. Wiley**, Illinois state agent for Atlas and Albany, was married to Eva Dillard of St. Louis Saturday at the First Methodist Episcopal Church of Chicago by Dr. John Thompson. Present at the ceremony were his daughter and son-in-law, Capt. and Mrs. R. F. Nicholson of Miami, Fla. Mr. and Mrs. Wiley will take a delayed honeymoon in August.

## DEATHS

**H. K. Mansfield**, 54, member of the firm of Martin Brothers & Co., Omaha, died of a heart attack in Hollywood, Cal. His first connection with Martin Brothers & Co. was as manager of the plate glass department in 1906. Later he was with Fidelity & Casualty Co., McCague Investment Co. and Fidelity



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& Deposit. He returned to the Martin Brothers agency in 1916 and shortly after became a member of the firm.

**Henry Parker**, 51, branch manager of the Sun in Montreal for nine years, died there. He went to Canada from England at an early age, and had been in insurance work 35 years. He was on the executive committee of the Insurance Institute and active in the Blue Goose.

**C. F. Newcomb** of Providence, 75, prominent in the Rhode Island Association of Insurance Agents, and for over 50 years a leading agent of Rhode Island, died at his summer home in Wellfleet. He had served as president of the Insurance Association of Providence and was for many years secretary-treasurer of the state association.

**S. C. Miller**, senior member of the Miller & Son agency, Terre Haute, Ind., died at the home of a brother in Seymour, Ind. Mr. Miller had represented the Aetna Life 56 years.

Mrs. Bertha G. Purmort, 68, widow of **C. A. L. Purmort**, who was president of the Central Manufacturers Mutual Fire of Van Wert, O., died after a brief illness.

**E. G. Ashley**, 84, one of the founders and for more than 30 years president of the Grocers Mutual of Springfield, O., died at Toledo, O., after several years' illness.

**Charles W. Fritz**, 30, Mansfield, O., agent and former Richland county, O., auditor, died there.

**G. A. Schley**, 90, former local agent of Devine, Tex., died there. A few months ago he sold his agency to G. M. Turner.

**F. L. Bateman**, 79, for years a local agent at Rockville, Ind., died after an illness of several months.

#### Approve MLU Claim Payment

**KANSAS CITY**—The circuit court has approved payment of \$83,000 to the Walgreen Drug Company in settlement of its claim for some \$120,000 against the Manufacturing Lumbermen's Underwriters, a defunct reciprocal now being liquidated by the Missouri department. The Walgreen claim was mostly for water damage caused by the Ohio river flood of 1936.

#### CONVENTION DATES

Aug. 23—Utah Agents, Salt Lake City.  
Aug. 21-24—Provincial Insurance Superintendents, Mt. Royal Hotel, Montreal.

Aug. 25-26—Wyoming Agents, Park Hotel, Rock Springs.

Aug. 25-26—Idaho agents, Sun Valley Lodge, Sun Valley.

Aug. 28-30—Federation of Insurance Counsel, Westchester Country Club, Rye, N. Y.

Aug. 29-31—Grand Nest Blue Goose, Netherlands Plaza, Cincinnati.

Aug. 31—Washington Agents, Hotel Leopold, Bellingham.

Sept. 6-8—Iowa Agents, Hotel Hartford, Mason City.

Sept. 7-8—Oregon Agents, Pilot Butte Inn, Bend.

Sept. 7-8—New Jersey agents, Berkeley-Carteret Hotel, Asbury Park.

Sept. 8-9—Minnesota Agents, Brainerd.

Sept. 8-9—Montana Agents, Butte.

Sept. 13-15—Pennsylvania Agents, Golden Hall, Wernersville.

Sept. 11-13—International Claim Assn., Westchester Country Club, Rye, N. Y.

Sept. 15-16—Colorado Agents, Shirley-Savoy Hotel, Denver.

Sept. 19-20—Michigan Agents, Bancroft Hotel, Saginaw.

Sept. 21-22—Western Underwriters Association, Greenbrier Hotel, White Sulphur Springs.

Sept. 22-23—New Mexico Agents, Franciscan Hotel, Albuquerque.

Oct. 1-3—Insurance Advertising Conference, Statler Hotel, Boston.

Oct. 2-5—National Association of Insurance Agents, Statler Hotel, Boston.

Oct. 9-12—Annual Casualty Convention, Greenbrier Hotel, White Sulphur Springs, W. Va.

Oct. 13-14—Insurance Federation of New York, Hotel Arlington, Binghamton.

Oct. 16-18—Ohio Agents, Biltmore Hotel, Dayton.

Oct. 18-20—Kansas Agents, Jayhawk Hotel, Topeka.

Oct. 19-20—Tennessee Agents, Hotel Hermitage, Nashville.

Oct. 23-24—Missouri Agents, Elms Hotel, Excelsior Springs.

Nov. 6-8—California Agents, Oakland.

Nov. 8-9—Illinois Agents, Abraham Lincoln Hotel, Springfield.

#### Convention Hotel Won't Hold Entire Boston Crowd

Announcement is made by H. C. Read, chairman of the registration committee, that all of those attending the Boston convention of the National Association of Insurance Agents the week of Oct. 2 cannot be housed in the Statler Hotel, which is official convention headquarters. Other hotels that are within easy walking distance of the Statler, have been reserved for those who register late. Rates for rooms at the Statler are \$3 to \$8 for singles and \$5 to \$10 for

doubles. The rate for twin bedrooms is from \$5 to \$12 and the rates for suites are from \$8 to \$24.50.

The convention headquarters at 40 Broad street, Boston, present a busy scene these days, as various committees are holding meetings each day. The office work is being handled by George R. Dreher, the son of Raymond C. Dreher, advertising manager of Boston and Old Colony, and Miss Katherine Scovelle, secretary to the general committee.

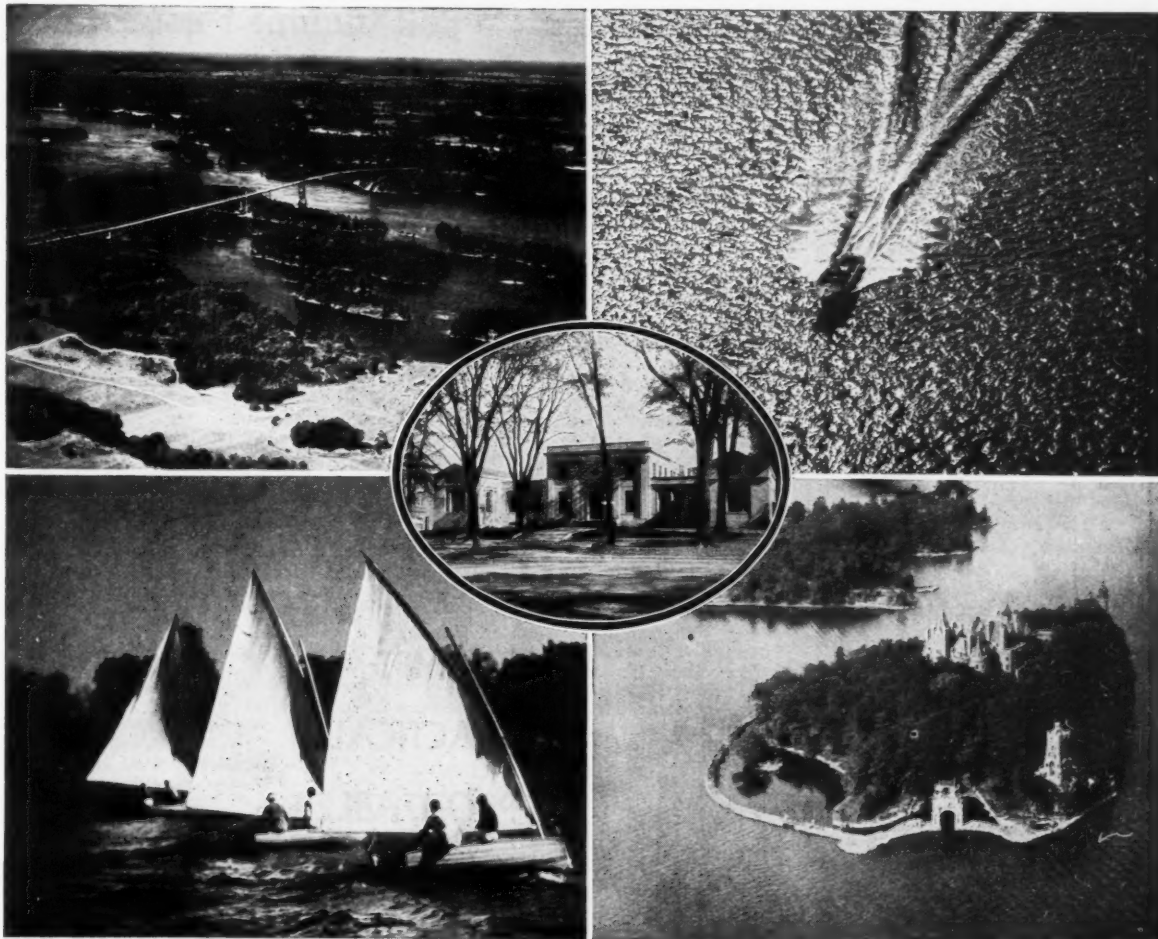
Mr. Read states that no company group is entitled to more than one parlor and four bedrooms at the Statler.

Requests for additional rooms will be turned over to nearby hotels.

C. F. Liscomb, of Duluth, chairman of the program committee, will soon make announcements as to the speakers for the program and subjects for open discussion.

John Dale Upham, son of Mr. and Mrs. H. C. Upham, will be married to Miss Marion Beatrice Burnett, July 13. H. C. Upham has been an independent insurance adjuster of Oklahoma City for about 12 years. He was previously manager of the Oklahoma Audit Bureau.

Following the death of G. E. Oldham, Lore City, O., the agency has been transferred to W. H. Burson.



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HOWARD FLAGG, President

# The NATIONAL UNDERWRITER

July 20, 1939

## CASUALTY AND SURETY SECTION

Page Thirteen

### Ohio Agents Protest Licensing Auto Club Agency

#### Insurance Department Sets Hearing Monday on Cincinnati Case

CINCINNATI—Ohio agents and companies are considerably disturbed over the action of the Ohio department in licensing an agency incorporated by interests identified with the Cincinnati Automobile Club to write automobile insurance. The Automobile Insurance Agency, Inc., was licensed May 26, but the fact was not generally known until recently.

Some time ago the automobile club attempted to organize a company of its own, but the effort was blocked by agents and it also had endeavored to secure an agent's license similar to the one which it now has. The automobile club has about 12,000 members and owns a finance company.

On request of Paul Gingher, counsel for Ohio Association of Insurance Agents, a hearing on whether the license of the Automobile Insurance Agency and its constituent members should be revoked has been set for Monday afternoon by the Ohio department. The agents association contends that the use of such license is contrary to representations made to the insurance department to induce the issuance of the license; that the licensee has employed improper advertising and promotional methods; that the licensee in its application and upon hearing failed to disclose the connection of its officials and directors with an automobile finance corporation; that the licensee is not holding itself out in good faith as an insurance agency within the meaning and spirit of the insurance law.

In a communication to members, J. F. Schweer, secretary Cincinnati Fire Underwriters Association, states that for the past 15 years insurance interests generally throughout Ohio have vigorously opposed the licensing of automobile clubs to engage in the insurance business and in this they have received the full support of the Ohio department. At a hearing in Columbus May 26, before Deputy Superintendent Crabbe a license was issued to the Automobile Insurance Agency of Cincinnati with Edward Bernard as agent. He is secretary of the Cincinnati Automobile Club. The incorporators, officers and directors of the Automobile Insurance Agency are also officers and directors of the Cincinnati Automobile Club.

On July 6, a committee from Cincinnati met in Columbus with the officials of the Ohio department and with Mr. Gingher in protest against the action of the department in licensing the agency.

The Automobile Insurance Agency represents Republic Mutual of Columbus. As of Dec. 31, 1938, Republic Mu-

### Companies Leaning to Disability Line

#### More Offices Considering Entering Accident and Health Business

The situation in the health and accident insurance field now is of interest due to the fact that that business is proving profitable, premiums are increasing and salesmen are finding it a good approach not only to life insurance but to general property and service lines. A large number of life agents are soliciting accident and health insurance in order to increase their income. A number of life companies, of course, write accident and health insurance and encourage their agents to devote considerable time to disability coverage.

Life companies that do not write accident and health endeavor to discourage their agents from devoting any part of their time to soliciting anything but life insurance. They contend that the writing of outside coverages diverts their attention from life insurance and claim they can make more money by centering their efforts entirely on life insurance. However, it is known that a number of agents feel that owing to the present business conditions they can write accident and health without impairing their usefulness in the life insurance field. Some life companies authorized to write accident and health under their charters find that their agents are soliciting such business and they, therefore, feel that they might as well utilize their time.

#### Business Now Stabilized

The accident and health business is now pretty thoroughly stabilized. There is not the old time competition of one company vying with another with additional coverages. The fundamental policy provisions are generally recognized both by law and as good business practice. The companies writing accident and health find that the live, energetic agent has very little difficulty in renewing his business. There are not the disturbing factors found in some of the other casualty lines. A number of life agents declare that accident and health fits in admirably with life insurance as both are forms of personal insurance, the accident and health paying for time interruption.

Most of the companies writing accident and health insurance are watching with interest sentiment on hospitalization indemnity. It is yet in an experimental stage both as to cost and extent of coverage. No company so far has the ultimate answer. Some companies have already discovered that they have made mistakes in some of their provisions.

tual reported assets \$106,985, premium reserve \$61,969, claim reserve \$32,803, surplus \$7,938, premiums written \$135,637, losses paid \$51,800, losses incurred \$66,721, expenses incurred \$59,951. L. E. Anderson is secretary.

The Ohio Association of Insurance Agents also has asked the department to stop the sale of baggage insurance by railroad agents and personal effects by tourist agencies.

### Some Companies May Broaden Field

#### Sharp Reduction in Automobile Rates Having Some Effect

A number of companies that have been specializing on automobile insurance and, in fact, some that have been writing that coverage exclusively, are convinced that it will be highly desirable and in some cases necessary to broaden the scope of their organization and write a more general line of casualty and surety business. The recent rate reduction put into effect by the National Bureau of Casualty & Surety Underwriters for its companies has greatly decreased the margin of profit on automobile insurance. Heretofore it was possible for non-bureau companies to write such insurance at a differential and attract many policyholders largely on the basis of cost. That advantage now has been decreased materially. Therefore such companies are casting about as to the wisest course to follow. Some will have to have their charters enlarged to enable them to write general casualty lines. Others have the authority but have not exercised it. Some will continue to write full cover automobile insurance, hoping that the tide will turn later on.

Executives of companies that are giving the matter profound consideration so far as an expansion of their policy is concerned have become convinced that accident and health, burglary, plate glass, public liability and perhaps fidelity can be written with safety and great advantage. Therefore, it would not be surprising to see such a course followed that will serve to bolster the premium income and will enable a company to get a wider average and not confine its destinies to one branch of the business.

### Spottke Reveals Background of Auto Rate Move

An extensive study of the automobile rate situation was made over a period of several years by the National Bureau of Casualty & Surety Underwriters before promulgating its new automobile rate schedule. A. E. Spottke, manager of the bureau's automobile division, asserted at the annual meeting of the West Virginia Association of Insurance Agents. Mr. Spottke said the bureau had paid particular attention to conditions in Minnesota and Illinois where rate-wise the situation was "wide open" and any company used the rate it desired.

#### Difference in Pure Premium Cost

In Minnesota it was found that the bureau companies had one-third of the automobile volume with a loss ratio 24 percent higher than the non-bureau. In Illinois, the bureau had 41 percent of the volume with a 20 percent higher loss ratio.

In one group of states with a large premium volume it was found that the

(CONTINUED ON PAGE 20)

### Insurance Well Represented at New York Fair

#### Exhibits Show Protection Companies Offer—Heavy Coverage Required

NEW YORK—The health show at the New York Fair is breaking the individual exhibit attendance records. The Hall of Man exhibit in the Medicine & Public Health building shows the highly successful technique insurance companies are employing to tell their story to the public through exhibits. Dramatic exhibits telling the story of human physiology were made possible through the generous assistance of Metropolitan Life, Travelers, New York Life, John Hancock Mutual Life, Connecticut Mutual Life, Aetna Life, Connecticut General and the Guardian Life of New York.

The exhibits present a simplified exposition of better health and living. Visitors are encouraged to press buttons, push levers and turn cranks to learn the various functions of the body associated with walking, working, sleeping, eating and the five senses.

Life's uncertainties which may be avoided by care and vigilance, are shown in the Aetna Life's Laboratory for Living located in the Business Systems & Insurance building. A series of novel scientific experiments reveal interesting facts about people. Visitors learn, through operating various machines, the workings of forces in nature the disregard of which can seriously affect their well being. The Aetna's famous safe-driving test is proving popular.

There is a novel device which demonstrates the action of the human heart. Within an outline of a human figure may be seen red and blue veins and arteries through which light flows in a semblance of the human blood stream. Meanwhile an artificial heart expands and contracts. The beat of the heart is really that of a girl attendant over whose heart an oscilloscope is held. The girl jumps up and down as though skipping rope, her heart beating faster and faster, while an indicator registers the extra work her heart is doing.

Starting with a dust explosion in a miniature factory, the Aetna Life puts on a fire prevention show at regular periods throughout the day. Through the use of model houses in a little village, spectators learn how fires are started by the overloading of electrical circuits, by inflammable dust mixtures and vapors. Home safety is also dramatized in a model three story house with each room exposed to view so that hazards may be dramatized by scaled human figures and household objects.

The Equitable Society's garden of security occupies a half acre near the exhibit section approach to the Empire State Bridge. The garden is in form of

(CONTINUED ON LAST PAGE)



## N. Y. Department Gives Compensation Ratios

The New York department has released an exhibit, showing the country-wide experience on workmen's compensation of companies that are licensed in New York. The figures shown are premiums earned, losses incurred, loss ratio, ratio of loss adjustment and investigation expense, ratio of acquisition and field supervision expense, general

administration ratio, inspection and bureau, premium, social security and miscellaneous tax ratio, federal income tax on underwriting profits, the ratio to premiums earned of total expenses incurred and the ratio of net gain or loss from underwriting.

Inasmuch as this is the first year that federal income tax applicable to under-

writing profit has been required to be reported as a separate item, there has been no uniformity in the allocation of it. The figures of some companies have been adjusted and further instructions, the New York department states, will be given for uniform procedure in next year's casualty experience exhibit. The table is presented herewith:

Insurance Carrier	Premiums Earned	Losses Incurred	Loss Ratio	Analysis of Underwriting Expenses Percentage of Earned Premiums				Federal Income Tax on Underwriting Profits	Ratio Total Exp. Incur.	Ratio of Net Gain From Underwriting
				Ratio of Loss Adj. and Invest. Exp.	Acquis. Field Supervision	Genl. Admin.	Insur. and Bureau	Prem. Social Secur. & Misc. Taxes		
All Carriers	\$229,624,100	\$121,940,918	53.1	8.4	12.1	7.8	2.6	3.0	34.4	15.5
Stock Companies	134,679,743	68,330,847	50.7	9.0	17.6	9.4	2.4	3.5	42.8	6.5
Mutual Companies	74,292,477	39,369,421	53.9	7.1	5.3	5.3	3.0	2.4	23.1	23.9
State Insurance Fund	20,651,880	14,240,650	69.0	9.6	.6	6.0	2.4	1.5	20.1	10.9
<b>NON-PARTICIPATING</b>										
Accident & Cas.	15,437	10,800	70.0	8.6	66.8	53.6	8.7	12.5	150.2	-120.2
Aetna Cas.	8,325,683	4,238,906	50.9	8.2	18.1	11.4	2.8	3.8	45.4	3.7
Aetna Life	1,703,053	657,671	38.6	14.5	17.2	12.1	2.9	3.3	50.0	11.4
American Auto	30,715	16,073	52.3	5.9	18.0	3.7	1.5	.7	29.0	18.7
American Employ.	1,747,009	870,744	49.8	6.5	19.2	10.6	1.8	2.8	43.1	7.1
Amer. Motorists	1,196,772	508,496	42.5	6.9	9.7	5.6	1.7	2.1	28.1	29.4
Amer. Re-Insur.	719,406	257,396	35.7	...	15.2	7.5	.5	3.6	29.7	34.6
American Surety	470,916	259,908	55.2	11.7	23.3	16.0	2.2	5.2	58.4	-13.6
Arex Indemnity	25,973	19,536	75.2	11.3	8.2	13.0	4.4	10.1	47.0	-22.2
Associated Indem.	2,661,915	1,216,133	45.7	7.6	12.9	5.0	1.9	3.3	33.3	21.0
Bankers Indem.	1,085,144	474,412	43.7	13.1	18.7	14.4	2.6	3.7	52.5	3.8
Car & Gen.	441,553	259,137	58.7	8.6	21.6	7.9	1.5	2.1	41.7	-4.4
Central Surety	863,963	454,668	52.6	12.1	20.3	7.8	2.0	2.9	45.7	1.7
Century Indemnity	1,785,933	950,933	53.2	10.5	22.3	7.4	3.3	4.2	47.7	-9.9
Columbia Casualty	361,827	212,696	58.8	11.9	15.3	15.5	1.4	4.1	48.2	-7.0
Commercial Cas.	127,273	69.5	22.7	23.7	14.3	3.0	7.3	...	71.0	-40.5
Continental Cas.	3,565,464	1,720,099	48.3	10.3	19.6	7.4	2.5	3.3	43.1	8.6
Eagle Indemnity	696,536	353,436	50.7	6.4	16.7	8.9	2.3	3.2	39.5	9.8
Emp. Liability	9,746,491	5,036,166	51.7	8.2	18.0	9.7	1.6	3.5	41.5	6.8
Employers Reins.	450,626	304,528	67.6	1.9	26.7	6.6	2.8	2.8	40.8	-8.4
Europ. G'l Reins.	45,936	21,832	47.5	7.6	57.9	1.6	.1	.1	67.3	-14.8
Excess	102,964	116,762	113.4	7.5	11.5	20.4	...	2.9	42.3	-55.7
Fidelity & Casualty	6,893,217	4,053,313	58.8	9.0	19.8	7.8	3.0	3.7	43.3	-2.1
Fireman's Fund	1,596,283	805,984	50.5	11.5	18.2	10.3	2.2	3.7	46.5	3.0
First Reins.	26,691	7,764	29.0	29.8	23.3	19.9	1.2	2.9	76.1	-5.1
Gen. Accident	3,261,728	1,608,806	49.3	11.3	16.0	7.1	1.7	2.5	40.6	10.1
General Reins.	480,361	192,379	40.0	...	14.6	6.2	2.2	5.4	28.2	31.8
Glens Falls Indem.	1,374,788	870,940	63.4	13.0	20.1	10.9	1.6	4.1	49.7	-13.1
Gen. Trans. Cas.	60,265	22,403	37.2	10.7	...	23.9	1.3	4.8	44.5	18.3
Globe Indemnity	4,131,640	2,016,259	48.8	7.5	16.1	7.0	2.0	3.0	38.1	13.1
Great American Ind.	2,452,750	1,366,205	55.7	11.1	17.1	12.6	1.8	4.0	46.6	-2.3
Hartford Acc.	10,502,117	5,104,652	48.6	8.7	17.0	9.6	2.9	3.2	43.3	8.1
Indemnity of N. A.	1,575,236	890,068	56.5	12.3	17.9	10.7	2.0	4.4	47.3	-3.8
London Guar.	2,501,302	1,168,860	46.7	9.2	17.0	11.0	2.4	3.3	44.8	8.5
London & Lan. Ind.	517,750	370,161	71.5	8.8	15.7	13.5	2.0	2.8	42.8	-14.3
Manufac. Cas.	745,869	260,226	34.9	5.7	10.7	8.1	5.0	2.0	34.1	31.0
Maryland Cas.	6,867,754	3,849,728	56.1	9.0	18.6	8.0	3.0	3.9	42.6	1.3
Mass. Bonding	2,619,984	1,581,694	60.4	7.9	18.8	9.4	3.0	4.0	41.0	-1.4
Met. Cas.	187,886	117,625	62.6	23.5	20.7	12.6	3.0	4.6	64.4	-27.0
National Cas.	261,763	122,302	46.7	7.8	18.5	5.6	1.7	3.6	39.5	13.8
New Amster. Cas.	3,684,767	2,308,559	62.7	9.8	17.4	8.8	1.6	3.1	40.7	-3.4
New York Cas.	311,063	186,111	59.8	11.0	17.4	11.4	2.4	4.1	46.3	-6.1
Norwich Union Ind.	18,819	5,219	27.7	48.2	23.7	24.7	1.8	6.3	104.7	-32.4
Occidental Indem.	470,640	246,831	52.4	12.0	13.3	11.7	1.3	3.2	42.5	5.1
Ocean Acci.	2,810,521	1,578,485	56.1	10.5	17.1	12.9	1.4	3.6	45.5	-1.6
Peerless Cas.	7,365	4,361	59.2	1.1	9.9	6.9	.4	4.0	23.2	17.6
Phoenix Indemnity	1,004,113	439,252	43.7	7.9	19.4	8.7	1.8	3.1	44.1	12.2
Royal Indemnity	3,270,199	1,311,344	40.1	7.5	16.1	7.8	2.2	3.6	38.1	11.0
St. Paul-M. Ind.	732,255	326,601	44.6	7.4	19.8	8.7	2.3	3.5	43.1	12.3
Standard Acci.	4,539,513	1,872,867	41.3	8.0	18.6	8.5	2.2	3.1	40.4	18.3
Stand. Sur. & Cas.	453,811	434,396	50.9	12.0	16.9	10.2	2.9	3.4	45.4	3.7
Sun Ind.	583,810	321,445	55.1	12.5	17.0	7.1	1.6	3.3	42.0	2.9
Travelers Ind.	357,695	232,009	64.8	7.0	34.4	15.5	7.2	5.9	70.0	-34.8
United States Cas.	19,815,443	9,702,012	49.0	6.9	16.8	10.0	3.1	3.9	40.7	10.3
U. S. F. & G. Co.	2,112,591	1,132,821	53.6	12.9	17.4	8.3	1.7	3.6	44.4	2.0
United States Guar.	6,834,281	3,804,001	55.7	11.6	17.3	9.7	2.4	3.0	44.2	-1.1
Western Cas.	152,483	116,351	76.3	7.4	9.9	9.3	1.4	1.9	29.9	-6.2
Zurich	194,696	112,941	58.0	14.3	...	5.4	2.0	4.6	29.1	12.9
	4,641,743	1,698,267	36.6	11.8	19.0	8.4	2.6	3.0	48.6	14.8
<b>PARTICIPATING</b>										
Amer. Mut. Liab.	17,585,947	10,560,977	60.1	7.4	4.0	5.4	3.0	2.6	22.4	17.5
Bakers Mut.	529,572	165,119	31.2	6.2	8.5	7.1	1.1	2.4	25.3	43.5
Butchers Mut.	1,072,040	378,442	35.3	5.3	9.9	10.6	1.9	3.3	31.0	33.7
Coal Mer. Mut.	350,215	123,017	35.1	7.9	8.4	4.5	1.3	6.1	15.2	45.7
Elec. Mut. Liab.	136,850	44,519	32.5	10.2	...	1.4	...	...	12.5	55.0
Emp. Mut. Liab.	9,209,748	4,777,390	51.9	6.5	10.1	3.5	5.5	1.6	27.2	20.9
Exch. Mut. Ind.	582,017	152,295	26.2	1.5	23.6	...	.3	1.7	27.1	46.7
Hardware Mut. Cas.	2,791,112	1,416,203	50.8	7.6	13.1	7.2	2.0	2.8	32.7	16.5
Hud.-Mohawk	178,351	79,699	44.7	17.7	5.9	14.5	4.9	3.1	46.1	9.2
Interboro Mut.	1,137,420	440,279	38.7	6.9	2.7	6.0	1.7	2.7	20.0	41.3
Jamestown Mut.	810,318	370,703	45.7	14.0	6.3	9.2	1.6	2.7	33.8	20.5
Liberty Mut.	24,243,117	13,726,449	56.6	6.2	2.2	4.9	2.8	2.6	18.7	24.7
Lum. M. Cas., N. Y.	1,288,963	575,845	44.7	10.1	7.7	11.5	2.8	2.4	34.5	20.8
Lum. M. Cas., Ill.	7,940,585	3,744,768	47.2	7.3	9.5	5.7	2.5	2.1	27.1	25.7
Merchants Mut. Cas.	315,495	189,036	59.9	14.7	9.2	7.0	4.1	2.8	37.8	2.3
Mutual Cas.	105,591	50,949	48.2	3.5	2.6	15.3	8.8	3.4	25.6	26.2
N. Y. Print. & Book	344,588	157,567	45.7	6.4	3.3	7.4	1.1	2.9	21.1	33.2
Pub. Serv. M. Cas.	63,472	22,356	35.2	17.2	17.9	6.0	.3	2.7	44.1	20.7
Security Mut. Cas.	1,738,947	759,612	43.7	7.2	1.4	3.0	.7	.7	13.0	43.3
Utica Mutual	2,810,440	1,151,439	41.0	7.8	3.3	7.8	3.1	2.2	24.2	34.8
Utilities Mutual	1,057,689	482,757	45.7	12.5	...	4.1	2.6	2.5	21.7	32.6

## Await Next Move of Yetka in Auto Rate Situation

ST. PAUL.—Insurance men are speculating on what effect the latest official ruling on automobile rates will have in Minnesota. The attorney-general has reiterated his opinion given early in the summer that the insurance department has no authority to approve or disapprove automobile rates in general but in his latest ruling holds that the department does have authority to approve auto rates on such policies as are issued under the financial responsibility act.

Now insurance men are wondering

what the next move of Commissioner Yetka will be. Considerable insurance is written for certificated risks and much of it is in the smaller companies.

In the attorney-general's opinion the point is raised whether the financial responsibility act is constitutional. There is some speculation whether some one will start legal action to determine this definitely in the courts.

## COMPLYING ON INDIANA RATES

INDIANAPOLIS.—The turmoil over passenger automobile rates in Indiana has smoothed out and the insurance department reports that companies are

complying with the commissioner's ruling establishing a base minimum of 20 percent below manual. The bureau companies have brought their filings on this classification up to date, deleting for Indiana Class A-1 and the safe driver reward plan. Almost all other companies have made filings conforming with the rule.

The Massachusetts lower house revived the bill to abolish the contingent assessment liability for mutual companies which it had killed earlier by the close vote of 99 to 98. The bill was recalled and in a vote to engross it opponents mustered 118 to 88 votes to kill it.

## Main Factors Shown in Boiler Insurance in Georgia School

A. P. Francis of Atlanta, assistant manager Hartford Steam Boiler, in his lecture before the Georgia insurance school said there is but one form of policy and one rating system or manual so far as this particular casualty line is concerned. A large number of objects make the equivalent of many lines of insurance. The majority are individually rated. If too generally grouped, he said, it would tend to rating inequalities and discrimination. Boiler and pressure vessel rating requires basic, location and object charges; personal injury and expediting being optional, as are indirect coverages.

In underwriting a boiler risk he said it is not alone a case of risk selection but there must be an analysis for proper cover, service for improvement of the risk, statistical records for rating.

As to rate making, Mr. Francis said that it cannot be annual or even periodic. Statistics have to be constantly studied and reviewed when a trend is noted. That requires closer study, then a change is made. Data is not a perfect guide. A catastrophe might upset the experience but it would not change the rate. He said that a forward look shows enormous increase in pressure and voltage. There are large capacities, greater values and greater exposures. Recent years show rates for oil drilling boilers, replaceable service tanks, electric radiators, clutches, deep well pumps, etc. Further additions, he said, can be anticipated.

In the inspection service, the underwriters desire to know the physical condition, hazard of operation, plant conditions, securing rating data and indirect exposure. The inspector must have in mind the prevention of accidents. He must urge maintenance of safe operating conditions. He gives advice for better operating conditions, proper repairs, etc. In accident investigation the inspector determines the cause and prescribes a remedy.

There are intangible values to the policy holder. In case of plant management there is a peace of mind in the knowledge of the equipment being under the watchful eye of able engineers. To school board members, there is freedom from a heavy moral responsibility for the safety of the children. There is a political value to executives who relieve themselves of responsibility and assure the security of reserves when insured. In conclusion, Mr. Francis said:

"Threatening catastrophe and recognized value of accident prevention service serve to make boiler and pressure vessel insurance an accepted form. Improper application and lack of understanding have handicapped machinery insurance. Boiler and machinery insurance cannot be sold merely as such but the specific consideration of threatened loss pertaining to each machine must determine whether or not insurance shall apply.

"An object of no consequence in one plant can be a unit of major importance in another. Many small objects are frequently looked upon as no more than items of maintenance in some plants, obviously no application for insurance. Another handicap for machinery insurance is that it is offered by non-technical agents attempting to sell equally untrained executives with no engineering member of the firm's staff being permitted to express opinion. Beware of low cost insurance in this particular field which is so obviously one carrying a heavy expense in service rendered incidental to the policy contract. There is the dual probability of a sacrifice in protection purchased and adequate claim settlement plus the very great likelihood of a severe curtailing of the service features so necessary to give the assured full benefit of all that his insurance dollar should buy."



## Origin of Auto Omnibus Clause Was Economic

Pointing out that many a battle has raged around the permissive features of the additional interests or omnibus clause of the automobile liability policy, Jewel Alexander, San Francisco, in speaking before the annual meeting of insurance section of the American Bar Association, stated that omnibus clauses have been applied so frequently that their legality is no longer open to doubt. He said the origin of the clause was essentially economic, namely—sales appeal.

Prior to the adoption of the standard form, the clause was omnibus in expression as well as in character and there were about as many different expressions of the coverage as there were companies insuring. Decisions of the courts seeking to interpret and apply the variously expressed clause likewise became omnibus. In the standard form it extends protection only where the use of the insured vehicle is "with the permission of the named insured."

### Gives Rise to Two Questions

This gives rise to two questions: What power must the named insured have over the insured vehicle in order to give legal permission, and what is the legal connotation of the word "permission?"

All cases agree that the omnibus clause is inoperative unless the named insured has the power to give permission to use the insured vehicle as of the time of accident.

### Private Corporation Permission

In private corporations permission of an officer or departmental manager is sufficient, while with public corporations the matter is complicated because of statutory prohibitions of one kind or another.

Permission where the dictionary is concerned means authorization, consent, or leave. But, legally, where the omnibus clause is concerned, it becomes a formidable concept with many ramifications, refinements and manifestations. It may be a question of fact or a question of law. It may be express or implied. It may be limited or unlimited. It may be certain outside an insurance policy and uncertain within the context of the policy. It may continue or it may be revoked.

These and other considerations raise many troublesome problems. For example, "the phrase 'legally operating' in its application to a permittee using an insured vehicle was almost invariably found in former omnibus clauses. It sent many insurers to court, and time and again the courts held that if the permittee had permission to operate the car he was legally operating it regardless of whether or not he was operating the vehicle in violation of law. The standard form eliminated the phrase "legally operating."

Permission under the older forms could usually be granted by certain adult members of the name insured's household. This provision has now been eliminated, doing away with academic decisions concerning what was a household and who were the members thereof.

### May Be Express or Implied

Permission may be either express or implied.

On the other hand, a mere assumption that permission has been conferred is not enough.

Many jurisdictions are committed to the rule that the permittee must, within reasonable limits, stay within the bounds of the initial permission. In some jurisdictions this is extended to extreme lengths as in Illinois where a court held that initial permission given a person at midnight to drive a car to his home a few blocks away sufficed to impose liability for an accident occurring the next

morning when a policeman, intoxicated and firing his revolver, was driving the car at 65 miles an hour.

In the absence of special facts or statutes, the most general rule is that a permissive user of a vehicle may not delegate authority to a third party.

### Not a Personal Accident Policy

The exclusion which would withhold protection from any person or organization with respect to or death of any person who is a named insured, eliminates a debatable question on which courts were sharply divided. This exclusion is based on the logic that a policy of automobile liability insurance is not the policy of personal accident insurance.

Repair shops, public garages, sales agencies, service stations, parking places and their agents and employees also come under the exclusions of the omnibus clause with respect to any accident arising out of the operation thereof.

Protection is denied employees in cases where the automobile inflicting injuries is being maintained or used in the business of the assured.

The rule is general that an additional insured must comply with policy terms and conditions before he is covered. In matters of notice, information and cooperation, an additional insured stands on the same footing as the named insured.

## R. I. Mutual Liability Revamped

Rhode Island Mutual Liability, which formerly did business through a sole general agency called Plantation Underwriters now does business directly with agents. Plantation Underwriters is owned by the company and is now general agent for the state of Rhode Island of Northwestern Mutual Fire. Officers of Rhode Island Mutual under a reorganization are Russell G. Weston, president and treasurer; William J. Watson, vice-president and secretary; Willabey P. Lyford, claim manager.

Mr. Weston was formerly an engineer for Liberty Mutual. For 13 years Mr. Watson was with the Rhode Island Insurance Company. Mr. Lyford got his experience with Liberty Mutual and Hartford Accident.

### Status of States on Recent Auto Insurance Changes

Aetna Casualty has published a table showing in what states the various new developments in the automobile field have not been approved and are not being applied.

The \$1,000 single limit policy may not be sold in Massachusetts, New Hampshire, Texas and Washington.

The safe driver reward plan is not applicable in Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Mississippi, New Hampshire, New Mexico, New York, North Carolina, Oklahoma, Texas, Virginia, Washington and West Virginia.

The loss of use by theft coverage is not applicable in Texas. The new drive other car endorsement is not approved in Massachusetts or Texas. The private passenger rating plans (A-1, A and B classifications) are not applicable in Indiana, Louisiana, Massachusetts, New Hampshire, New York, North Carolina, Oklahoma, Texas, Virginia and Washington.

### Illinois Mutual Casualty Gain

PEORIA, ILL.—At the annual meeting of the Illinois Mutual Casualty, President E. A. McCord reported an increase in paid premiums of 50.5 percent the first six months of 1939 over the same period in 1938.

## Award \$250,700 to Victims in Massachusetts Crash

BOSTON—What is believed to be the largest total verdict ever returned in automobile accident suits in Massachusetts is a finding for \$250,700 for a single accident returned in the superior court at Fitchburg against General Mills, Inc., of Boston.

The suits arose from an accident in Ayer Jan. 26, 1938, in which a truck of the General Mills collided with an automobile containing G. F. Plummer, Charles Costello and Blanche Kinnear, all of Clinton. All three were seriously injured and Plummer suffered a broken back.

The court awarded Plummer \$175,000, Costello \$50,000 and Miss Kinnear \$25,000, while P. J. Windward of Fort Devens, owner of the car, was given \$700.

## Financial Editor's Objections Shown

Royal F. Munger of the financial staff of the Chicago "Daily News" attacked the action of the Chicago Casualty Managers Club in its move to enlist support of all in the insurance business to buy from concerns that purchase only stock insurance. The club considers this merely a matter of business reciprocity. There is great buying power vested in all in the insurance business in Chicago and were it concentrated the casualty managers felt that merchandising firms that are in business for profit as are stock companies could be made to feel its importance. It so happens that a number of the large department stores in Chicago have some of their casualty lines in mutuals. Campaigns have been worked up in some cities that have been very effective in marshaling stock company forces.

## California Holds Up Auto Policy Medical Rider

SAN FRANCISCO—The California department has under submission the question of whether it finally will approve the medical reimbursement endorsement some companies writing automobile insurance are adding to their automobile liability policies.

The endorsement carries a principal sum and medical reimbursement for any one riding in the insured's car. No beneficiary, however, is named. The contention is that no beneficiary being named and at the same time a principal sum is named, it cannot be written under the liability law, and that if a beneficiary is named, then it must be written under the accident and health sections of the insurance code, and cannot become an endorsement on a liability policy.

### Discuss Automobile Rating

NEW YORK—Representatives of the National Bureau of Casualty & Surety Underwriters and of the Mutual Bureau, held a session here to review the risk classification program for automobile public liability and property damage risks in New York state, which Superintendent Pink in an official communication suggested as being desirable. To expedite work the matter was delegated to a sub-committee which is to submit a preliminary report this week.

### Opens New Spokane Branch

The American Bonding has opened a new branch at Spokane, Wash., under the jurisdiction of the Seattle office. Tileston Grinstead, manager of the Seattle office, has been placed in charge of the new office. He will service the business in eastern Washington and the Idaho panhandle. Robert Ingram will

## Guest Hazard Case of Interest Before New York Courts

NEW YORK—In view of the general interest taken by casualty underwriters in the guest hazard in connection with automobile indemnity, the decision of the New York supreme court, appellate division, in the case of Smith vs. Clute, will prove of service to claim division chiefs.

The case up on appeal from a verdict in favor of the plaintiff by a trial jury, was based upon this agreed statement of facts. Beatrice Smith, with three other school teachers in an up-state New York community, arranged for an automobile trip through the far west in July 1935. Each, including Theresa Clute, owner of the car, contributed \$50 to pay for "gas, oil, tires and incidentals" required on the journey. Beyond this each was to defray her personal expenses. Nothing was paid for the use of the car. While driving along a Montana highway, Miss Clute, who was at the wheel, was forced off the edge of the road to avoid an oncoming automobile, and in turning ran into a pile of sand. While the car did not overturn, Miss Smith, who was seated next the driver, was severely jarred, and alleged to be badly hurt. She sought damages and was awarded \$2,000, plus \$80.93 costs.

In reversing the decision of the trial court, and ordering the case dismissed, the appellate division maintained that in the light of the submitted facts the defendant could not be held under the Montana law to have been carrying passengers for hire, nor was she guilty of negligence.

### Hoosier Casualty Get-Together

The quarterly meeting of Hoosier Casualty in Indianapolis took the form of a three-day program of business and pleasure. Twenty-five members of the staff from eight states assembled, with home office executives and department heads. Chairmen of the business sessions were C. N. Green, vice-president in charge of accident and health, and V. M. Ray, vice-president in charge of automobile.

Hoosier Casualty made gains in volume in all states. Plans were discussed for expansion of activities into Nebraska, Missouri and Kentucky. Announcement is made that C. L. Turmail has been assigned to southern Indiana as special representative of the automobile department.

Departmental luncheons and dinners were given during the gathering. There was an evening party for all of those participating and the annual golf tournament and beefsteak dinner was held. C. E. Ray, manager of the northern Indiana office of the automobile department, was the low gross winner while the gold trophy, which is the annual award for low net score, was won by Leslie King, manager of the Michigan accident and health department.

### Resigns from Surety Body

SAN FRANCISCO—The Associated Indemnity has resigned from the Surety Association of America, according to L. H. Mueller, chairman of the board.

### Grupe in Los Angeles

Vice-president A. H. Grupe of Jones & Whitlock in Chicago was a visitor in Los Angeles last week in company with B. O. Selbach of Selbach & Deans, San Francisco and Los Angeles general agents, completing arrangements whereby the southern California office of the general agency will join the San Francisco office in representing London Lloyds for excess and other lines.

fill Mr. Grinstead's former post at Seattle. He goes from San Francisco.

## ACCIDENT AND HEALTH

### U. S. F. & G. Reduces Age Limit to 14

BALTIMORE—Extension of the field of accident insurance to the younger generation is announced by the United States Fidelity & Guaranty. Generally accident policies are not written for persons of either sex below age 16, but the U. S. F. & G. has reduced this minimum age limit to 14 years, and will write accidental death, dismemberment and loss of sight insurance, with reimbursement for surgical, hospital and similar expenses, for young people of that age. Indemnity for loss of life must, however, be in moderate amounts and reimbursement must be included in each policy.

It is pointed out that the younger group, who are still dependents, need little economic protection for accidental death, but they require sound indemnities for a permanent loss. Expense indemnity is particularly called for to cover costs of treatment for any kind of accident.

The reduction of the age limit is held to open up another attractive field to

producers, as many established insurance clients have one or more children in this age group.

### Receiver for Minnesota Hospital Association Asked

ST. PAUL—Charging that the Minnesota Hospital Service Association is in reality carrying on an insurance business without license from the insurance department, three contract holders brought suit for appointment of a receiver for the association.

It is owned and operated by 26 hospitals in the Twin Cities and environs. The plaintiffs in this action say that it has contracts covering 220,000 persons and that its annual income is in excess of \$1,000,000.

A. M. Calvin, president, says when the association was formed six years ago the attorney-general held it was not selling insurance and therefore need not be licensed.

### App-a-Week Club Successful

The App-a-Week Club sponsored in the Moore, Case, Lyman & Hubbard

agency in Chicago by R. B. Kegley, manager accident department, is meeting with good success. Each producer who qualifies by writing an accident case each week for the first four weeks of each quarter is paid \$5. By continuing app-a-week production for the quarter he gets \$10 extra. The award for the second quarter is \$15, \$20 for the third and \$25 for the fourth. The contestant is allowed to miss one week after the first four in each quarter providing he makes it up later.

### Deniston Named Head of Hospital Group

F. A. Deniston, who for the past few months has been acting executive director of the Plan for Hospital Care in Chicago, has been made permanent executive director. Some months ago Mr. Deniston replaced Perry Addleman. Mr. Deniston went from the Business Research Corporation of Chicago to his present post. He was with Business Research 10 years and prior to that with La Salle Extension University eight years.

It is understood that more than 130,000 now belong to the Chicago Plan.

The experience of 5,250 cases from Jan. 1, 1937, to March 31, 1939, has been as follows: Obstetrical, 5 percent; skin

disease, 3 percent; influenza, 4 percent; tonsils, 12 percent; accidents, 14 percent; genito-urinary, 11 percent; appendicitis, 9 percent; tumors, 4 percent, and other cases, 38 percent.

Provisions permitting other than family members to participate in the plan have now been abandoned because of the small number who joined under this setup.

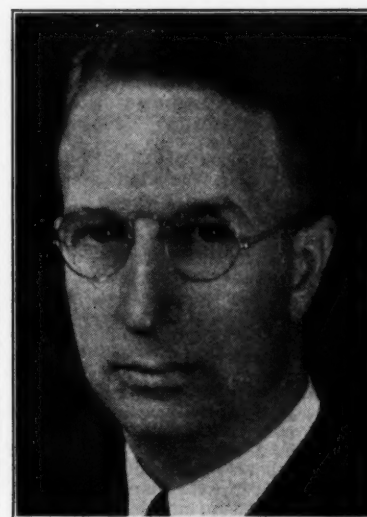
### Over 50,000 Rabbits' Feet Used

The Maryland Casualty's rabbit foot accident insurance campaign has aroused an almost unprecedented volume of enthusiasm in the field. A real rabbit's foot was presented to each prospect and the agents virtually swamped the home office with requests for rabbits feet. More than 50,000 were passed out. The demand is continuing in such a volume that it is being adapted for promotion in other lines. Agents report that the gift of the rabbit's foot is most effective in introducing the subject of accident insurance on a personal call.

### Special Family Auto Policy

The Hartford Accident is writing a special 80th anniversary family automobile accident policy for the Moore, Case, Lyman & Hubbard agency in Chicago. Two or more people in a family between the ages five and 65 can be covered for \$1.50 premium each on \$1,000 principal sum, \$4.50 premium for \$25 weekly income for each employed member of the family, \$6 premium for \$500 medical expense per person. As-

### Joins Occidental Life as Division Manager




HAZEN P. AIKEN

Hazen P. Aiken has been appointed division manager of the Occidental Life's accident and health department and will have headquarters in the home office in Los Angeles.

He entered the accident and health field in Detroit in 1914 and in the next decade built a substantial business for the Fidelity & Casualty. In 1926 he went to Chicago to take charge of non-cancellable accident and health production of the Continental Casualty, and two years later took charge of its commercial accident and health business. In 1928 he became superintendent of agencies of the Continental Assurance, continuing to hold his former posts. Since 1933 he has been on the Pacific Coast. He was formerly manager of the Home Life in Los Angeles.

William Gasser has been appointed accident and health general agent for that city by the Occidental Life in Seattle. He is a native of Chicago, but has lived in Seattle for many years, and is a graduate of the University of Washington. He has been with the Continental Casualty, Travelers, Aetna Life and John Hancock Mutual Life.



1890 1939

A STOCK COMPANY

WHOSE SPECIALIZED EXPERIENCE IN  
WRITING FIDELITY AND SURETY BONDS,  
BURGLARY AND GLASS INSURANCE  
GUARANTEES SWIFTER AND MORE  
EFFICIENT SERVICE WHEN SUCH  
COVERAGES ARE DESIRED, AS  
WELL AS WHEN LOSSES OCCUR.

FIDELITY AND DEPOSIT COMPANY  
OF MARYLAND

HOME OFFICE • BALTIMORE



sured can secure \$500 extra medical expense for \$2.50 and \$5,000 principal sum for \$7.50 if they are 14 years of age or over.

#### Accident & Health Club Outing

NEW YORK—J. L. Clark, Hooper-Holmes Bureau, will serve as chairman at the annual outing of the Accident & Health Club of New York at Schmidt's Farm, Scarsdale, N. Y., Sept. 16. Entertainment already agreed upon includes a golf tournament, and a baseball game between teams, composed respectively of down-town and of up-town accident and health underwriters.

#### Provident's Record Half Year

The largest six months' premium income in the history of the Provident Life & Accident was recorded for the accident and health lines, embracing the accident, group and railroad departments. These departments are collectively writing at the rate of \$6,000,000 a year in accident and health premiums.

#### Holmberg Indianapolis Manager

Harry E. Holmberg, formerly assistant manager in Cleveland, has been promoted to Indianapolis manager of the Washington National. He joined the company in 1933.

#### Premiums for Half Year Higher

North American Accident reports that its premiums for the first half of 1939 were \$2,114,377 as compared with \$1,984,088 the previous year.

The Acme Hospital & Life of St. Paul is now writing a family group hospital policy under a new Minnesota law.

The Mineral Wells, Tex., agency of Dews & Grantham has been dissolved. O. H. Grantham and Jack Dews will operate separate agencies.

## COMPENSATION

### Commission Parley on N. Y. Business

NEW YORK—Representatives of agents and brokers associations of this state at their meeting with members of the Casualty Acquisition Cost Conference here July 25 will seek to secure from the company men an increase in commissions now allowed on their state compensation business. When in 1935 the department declined to grant carriers the increase of 16 percent on risks in the state, it allowed some advance, recommending at the same time that by reason of the conceded increase in rates there should be a reduction in acquisition cost. The companies acting on the suggestion, cut the commission to general agents from 17 percent to 15 percent, and that of producing agents and brokers from 10 percent to 8 percent. Subsequently, upon protest from the producers, the latter figure was increased by 1/2 percent.

The Idaho Compensation Company of Coeur D'Alene has appointed the Gridley Investment Company, Boise, Ida., general agent for four counties. It is writing compensation risks through local agents.

#### Tighten Up California Law

SAN FRANCISCO—California employers who fail to carry compensation insurance face severe penalties because of an amendment to the labor code, just signed by Governor Olson. The bill provides that failure to have workmen's compensation insurance or to qualify as a self-insurer means a \$300 fine with the possibility of having the place of business closed down. The amendment requires employers to display in a promi-

nent place the name of the compensation insurer.

R. S. Somerville has been retained as manager of the Employers Mutual Casualty's new branch office at Omaha, which was acquired through the purchase of the Turk-Somerville Company in that city.

#### Results of Aetna Auto Drive

Aetna Casualty announces that in its intensive campaign for the development of automobile business that closed May 31, 28,000 new automobile P. L. and P. D. policies were written, the premiums amounting to \$1,125,000. Because of the impetus of the new passenger automobile rating plan, the contest closed with a burst of speed. Almost as much business was written in May as in March and April combined. During the three months of the drive, more of the \$1,000 combined limits policies were sold than during the entire previous year. Most of these policies went to previously uninsured risks. The contract appealed particularly to young attorneys, doctors and school teachers. Chicago was the top producing unit.

E. A. Covington, Springfield, Tenn., local agent, has been elected mayor.

## FIDELITY AND SURETY

### Should Construe Penalties on Original Fact Basis

In speaking before the insurance section of the American Bar Association on the liability of successive sureties, R. P. Wisecarver, San Francisco, declared that whatever the amount of the penalty of the bond, it should be construed to accord with the facts which brought it into existence.

He said: "Such a construction would give equal justice both to the surety and the obligee. The obligee should be given his recovery with the bond which was in effect at the time of the loss.

"For this purpose I believe it quite immaterial whether there is a continuous form of bond with changed amounts of penalties, or whether there are separate bonds for the different periods. They should be construed insofar as the amount of penalty is concerned as if the principal was a different person in each instance.

"The continuous form bond is a convenient coverage in response to public need and demand and I plead for a construction of it in accordance with the

intention of the parties entering into it and which will permit its continued general use."

### United Pacific Stays in Bureau and Gets "Relief"

Following the resignation of General Casualty from the Towner Rating Bureau and its filing of surety rate deviations in the state of Washington, United Pacific Casualty of Seattle has been granted relief by the Towner Bureau. The position of United Pacific has been watched intently ever since General Casualty made its move, inasmuch as United Pacific is a potent factor in its home state. One possibility was that United Pacific would follow General Casualty out of the bureau. General Casualty, since withdrawing from the bureau, announces that it is writing paving bond contracts at 3/4 of 1 percent and other types of contract bonds at 1 percent. United Pacific is granted permission to meet such rates in competition, with the provision that the facilities of United Pacific are to be made available to all members of the

# PUBLIC LIABILITY PROTECTION

ELEVATOR  
RESIDENCE  
PROPERTY DAMAGE  
MANUFACTURERS and  
CONTRACTORS

## WORKMEN'S COMPENSATION

SPECIALISTS SINCE '17

BITUMINOUS CASUALTY  
CORPORATION

ROCK ISLAND ILLINOIS



Agency inquiries are invited

Seattle Surety Association in cases where they are competing with General Casualty. In other words, the association companies will direct competitive business to United Pacific.

General Casualty had about \$50,000 of surety premiums in Washington state last year. Indications are that the management may seek to increase the surety account substantially.

### Manufacturers Casualty Enters Bond, A. & H. Fields

An amendment to the charter of Manufacturers Casualty of Philadelphia has been approved, under which the company is authorized to write fidelity and surety business and personal accident and health. Manufacturers Casualty expects to open these new departments in a few weeks. Head of the bonding department will be W. H. Caudill, who in recent years has been associated with Massachusetts Bonding in Philadelphia, and previously had organized the bonding department of Constitution Indemnity and later became vice-president.

### Can Forfeit Bond Without Notice

HARRISBURG, PA.—Sustaining the local Dauphin county court, the state

superior court in Philadelphia has upheld the right of the Pennsylvania Liquor Control Board to forfeit bonds on liquor licenses without first notifying the bonding company.

Continental Casualty questioned the procedure as being seizure of property without due process. The liquor bonds, \$2,000 for a liquor license and \$1,000 for a beer license, are posted with all license applications to guarantee compliance with liquor laws.

### Holds Liability Is Cumulative

The St. Louis court of appeals in Krey Packing Company vs. Employers Liability has held that the provision in a fidelity bond limiting recovery to a certain amount "during the entire period of suretyship" refers only to the entire period of suretyship covered by the bond as issued. Employers Liability argued that the clause means during the entire period of suretyship to whatever length it may be extended by subsequent agreement of the parties.

Gones embezzled \$2,530 from Krey Packing Company during the period of the original bond and \$750 during the period of the renewal of that bond. Recovery as to any embezzlement by Gones was limited in the contract to \$1,000. Judgment was given for the assured for \$1,000 on account of the

embezzlement during the first period and \$750 during the second period.

### Not Liable for Premiums

The Kansas supreme court has held that a surety under a contract bond is not liable for the payment of premiums by the contractor on policies of compensation, public liability and property damage. The case was Lumbermen's Mutual Casualty vs. H. W. Underhill Construction Company et al.

The court stated that neither in the contract nor in the carefully formulated regulations of federal emergency ad-

ministration of public works is direct reference made to the payment of insurance premiums. No express statement is found extending the protection of the bond to Lumbermen's Mutual Casualty. The surety was obligated to see to it that the contractor observed all the terms and conditions of the contract. By its contract the contractor agreed that all payrolls, material bills and other indebtedness "connected with work" would be paid. The supreme court does not think the surety was bound to pay the premiums on the insurance policies issued by Lumbermen's Mutual.

## NEWS OF THE CASUALTY COMPANIES

### Bloomington Mutual Gets Wis. License; Faces New Fight

MADISON, WIS.—Following the granting of a Wisconsin license by Commissioner Mortensen to the State Farm Mutual Automobile of Bloomington, Ill., after Circuit Judge Hoppmann vacated a temporary restraining order obtained in a suit brought by the State Farm Mutual of Madison, a further court battle is in progress. H. L. Wittwer, secretary of the Madison company, has requested Attorney-General Martin to begin action to compel Mr. Mortensen to cancel the license granted the Illinois mutual.

The petition declares the policies and plan of automobile underwriting used by the Bloomington mutual do not comply with the Wisconsin statutes and are unfair and discriminatory. If the attorney-general refuses to bring suit, it is understood the Madison mutual will take the matter into court itself. The State Farm Mutual of Wisconsin insures against wind and hail hazards, but is an affiliate of the Farmers Mutual Automobile of Madison.

Judge Hoppmann on July 12 ruled in favor of the vacating order and a copy was received by Commissioner Mortensen Thursday morning. Shortly afterward the license permitting the Bloomington mutual to operate in Wisconsin was in the mails. An appeal from Judge Hoppmann's ruling was prepared Thursday morning and served on Mortensen before noon. The commissioner would not admit service, so an affidavit of service was made. He did not say that the license had been mailed to Bloomington less than half an hour earlier. The license, however, had been issued before the restraining order was received.

The taking of an initial membership fee by an insurance company against which no reserve is set up, as is done by the Bloomington company, and the question of whether this is a contravention of the Wisconsin insurance statutes, has long been a subject of dispute. That feature caused denials of a license in Wisconsin when applications were made in 1923, 1925, 1927, 1929 and 1931.

Mr. Mortensen expressed himself as hoping the matter would get into the courts, as the question never would be settled until there is a decision by a court of last resort.

### First Report Made on Company Being Liquidated

The liquidation bureau of the Illinois insurance department has made its first report on the state of the Builders & Manufacturers Casualty of Chicago from April 14, 1938, to April 30, 1939. It has been approved by the court. The cash receipts were \$67,665 and expenditures \$45,020. Up to and including Dec. 15, 1938, the last day for filing claims, there were 4,333 separate proofs filed aggregating \$7,644,550. Of this 973 amounting to \$6,302,020 have been clas-

sified as contingent claims. There were 112 filed aggregating \$26,205, the claimants requesting a preferred status. Claims filed subsequent to Dec. 15, 1938, totaled \$60,199, of which 23 amounting to \$34,352 have been classified as contingent.

### C. F. Greene to Head Office of New Amsterdam

Chapin F. Greene, formerly manager of the Detroit branch has been called to the home office of New Amsterdam Casualty to join the underwriting staff. Mr. Greene has had many years experience, originally as an accident and health specialist, then as associate manager at Indianapolis and finally as manager at Detroit.

### Receiver Made Permanent

DENVER — J. D. Blevins has been appointed permanent receiver for the International Mutual Liability, which was the subject of intensive investigation by the special insurance investigating committee of the legislature.

Blevins was appointed temporary receiver after a receivership petition was filed by Commissioner Kavanaugh. Judge Lindsley rejected a petition for W. D. Corley, Jr., of Colorado Springs as permanent receiver on the grounds that he was a large policyholder. The judge ordered a complete audit of the company's records and directed Blevins to give access to its books to any interested party. He announced the court would hear at any time any workable plan for rehabilitation.

### Accident & Casualty Boston Setup

BOSTON—F. V. Sheard will be the underwriter and John J. Lyons will head the claim department in the new Boston branch office of the Accident & Casualty of Switzerland, of which Thompson S. Sampson is manager. Mr. Sheard graduated from Harvard in 1925 and was with the Century Indemnity in Hartford and then did special agency work in New York and Chicago. Since 1932 he has been with the Massachusetts Bonding in charge of burglary and plate glass in the Boston metropolitan department. Mr. Lyons has been a claim man with the Accident & Casualty for several years.

### New Virginia Mutual's Plans

RICHMOND—No application has been made for license for the Southwestern Virginia Mutual of Radford, Va., recently chartered, but it is the understanding of the Virginia department that it plans to limit its operations to writing automobile liability and property damage. R. S. Hopkins of Radford is president and W. T. Baldwin of Radford is secretary.

### St. Paul-Mercury Reports

St. Paul-Mercury Indemnity in its mid-year statement reports assets \$11,459,064, an increase of \$1,131,839 as compared with Dec. 31. Premium reserve was \$3,299,873, an increase of \$297,



## THE HELPING HAND

As a helping hand to greater volume, this is the season when Ohio Casualty agents will give time and attention to school bus business.

School bus boards usually require bus drivers to protect themselves by carrying adequate Public Liability and Property Damage Insurance. Many drivers desire—and rightfully so—the added protection of Fire, Theft, Tornado and Collision Insurance. More than that, many States require drivers to furnish a bond guaranteeing faithful performance of their duties.

Ohio Casualty's attractive rates, added to the Company's strong financial position, its wide experience in this field will lend a helping hand this year to many an agent who wants his share of this profitable business.

For full details, write now, right now,  
without any obligation on your part.

# THE OHIO CASUALTY INSURANCE CO.

HOME OFFICE

HAMILTON, OHIO



621. Capital was \$1,000,000 and net surplus \$3,703,007. Surplus to policyholders was greater by \$491,140 than at Dec. 31. Premiums for the first half of 1939 amounted to \$3,299,873, an increase of \$297,621 as compared with the parallel period of last year.

#### In Process of Organization

The Maryland Indemnity of Baltimore is still in progress of organization. It is incorporated as a mutual casualty company by officers of the Physicians & Dentists Health Association, a fraternal, writing hospitalization insurance in Delaware and Maryland. When licensed, the intention is to rewrite in the Maryland Indemnity the business of the Physicians & Dentists Health.

#### Extra Dividend for F. & D.

Directors of the Fidelity & Deposit declared the regular dividend of \$1 a share and an extra distribution of \$1 a share, both payable July 31.

The Public Mutual Casualty of St. Louis has filed with the Missouri insurance department a declaration of intention to incorporate.

## ASSOCIATIONS

### Bradway President of Pa. Claim Men

BEDFORD, PA.—Newell C. Bradway, Pennsylvania Indemnity, Pittsburgh, was elected president of the Pennsylvania Claim Men's Association at the annual convention here. Vice-presidents are Arthur Zell, Fire Companies Adjustment Bureau, Erie; E. L. Hennessey, Lumbermen's Mutual, Pittsburgh; R. B. Hubbard, Keystone Adjustment Bureau, Altoona; O. C. Dodson, Pennsylvania Indemnity, Scranton, and S. D. Gault, State Automobile, Harrisburg. R. R. Williams, American Casualty, Allentown, is secretary. The attendance was 150.

Joseph Hubbard, Keystone Adjustment Bureau, Pittsburgh, won individual golfing honors with a score of 84. A Pittsburgh team of four won permanent possession of the President's Cup with a third leg victory.

Frank Holt, marshal of the Los Angeles municipal court, addressed the Casualty Insurance Adjusters Association there.

### H. B. Bale, Former Chicago Casualty Leader, Dies

Henry B. Bale, who retired in 1933 as Chicago manager of Standard Accident after 19 years in that position, died at his home in Chicago Tuesday evening. He had been suffering with a heart affliction for about two years, but had not been incapacitated. He was 68 years of age.

Funeral services will be held Friday afternoon at the Church of the Atonement, Kenmore and Ardmore avenues, Chicago.

Mr. Bale, a native of Norwich, Eng., went with Standard Accident in Chicago in 1894 as claims attorney. When the Chicago office was established in 1914 he was made manager. During his active years he was a leader in the business. He served as president of the Casualty Managers Club of Chicago.

A son, Henry S. Bale, operates a local agency in Joliet, Ill. Mrs. Henry B. Bale, the former Paula Dilg, was at one time accident and health underwriter in the Chicago office of Standard Accident.

Mr. Bale, since retiring as manager, had been operating as a broker. He had been passing the winters at Miami Beach.

## CASUALTY PERSONALS

Harry Prevost, superintendent of the accident and health department of the United States Fidelity & Guaranty, recently celebrated his 35th anniversary with the company and was showered with congratulations by his many friends in the field and in the home office, being the recipient of numerous floral tributes, telegrams and letters.

Preston V. McMurry, manager Pittsburgh branch of Zurich, is spending a few days at the U. S. head office, Chicago.

Miss Anna Lou Miller, 68, formerly supervisor in the claim department of the Travelers in Kansas City, and an employee of the company 25 years, died there.

George R. Wentz, secretary St. Paul-Mercury Indemnity, is ill at the Miller hospital, St. Paul, and probably will not be able to return to his desk until late in the summer.

Joseph E. Callender, who has retired as manager of the central department in Chicago of Ocean Accident and Columbia Casualty, was feted by head office officials of Ocean Accident and Commercial Union at a dinner in New York.

The party fell on Mr. Callender's 40th anniversary with the Ocean. Henry Collins, U. S. manager, served as toastmaster. Informal talks were made by a number of the officials and F. W. Koeckert, U. S. manager of Commercial Union, read a congratulatory letter from H. Lewis, vice-chairman of the board of directors of Commercial Union.

Mr. Callender has become a broker and has been signed up as a member of the Insurance Brokers Association of Illinois. He is officing with E. H. Walters, A2124 Insurance Exchange, Chicago.

Morgan Jones, manager century policy department of the United, Chicago, is visiting his father at San Diego. He will be away from the home office for about two weeks.

E. C. Stone, United States attorney of the Employers Liability group, and Frank Boyle, assistant superintendent of agents, returning from San Francisco where they attended the meeting of the National Association of Insurance Commissioners, stopped en route.

John H. Burgard & Co. and Phil Grossmayer Company, Portland, Ore.,

general agencies, have been awarded 25-year service certificates by the American Surety. Both were appointed in 1913.

E. J. Savage, superintendent of agents of Zurich, is on a long motor vacation trip, visiting points in New England, the New York fair and his former home city of New Orleans.

In Portland a luncheon meeting was held with some 30 Oregon agents. Two meetings were held in Seattle, with 40 agents in attendance.

#### Lumbermen's Training School

The second annual Lumbermen's Mutual Casualty training course is being given at the home office in Chicago this week. Some 75 agents are in attendance. D. F. Butler, director of education, is in charge.

#### Ray Murphy Rotary Speaker

Ray Murphy, assistant general manager of the Association of Casualty & Surety Executives, addressed the Rotary clubs of Rochester and of Hartford on the subject of cooperatives.

W. S. Mays & Co., Columbus agency, which represented the Pacific Fire, has been dissolved. W. S. Mays of New York was president and W. E. McKinley of Columbus secretary-treasurer.



\$—The American sign \$ is derived from the figure 8, a dollar being originally a Spanish "piece of eight." The two lines through the \$ indicate a contraction.

The return from the premium dollar is proportionately contracted when security and service are sacrificed for price.

## Bankers Indemnity Insurance Co. Newark, New Jersey

of

THE American Insurance Group  
Newark New Jersey



## Gives Some Features of Burglary Insurance

J. H. Dittman, Baltimore, superintendent of the United States Fidelity & Guaranty burglary department, in his lecture before the Florida Insurance School commented on burglary insurance. He said that the terms generally used in the various policies are theft, larceny, burglary, robbery and holdup. Theft, he declared, is a non-technical term which is often used as a synonym for larceny but it is much broader in meaning. It may comprise a fraudulent taking of property from the owner with his consent. It is a general term used to cover almost every wrongful taking of property.

### Other Definitions Are Given

Larceny, he said, is a technical term and means the felonious taking of property of another without his consent and against his will with the intent to convert it to the use of the taker. Burglary in insurance, he said, is not limited to the common law definition but is usually defined as a felonious taking of property from certain designated places after entry has been made by force and violence of which there must be visible evidence at the place of entry. Robbery, while having a somewhat restricted technical meaning, is generally defined for insurance purposes to mean the felonious and forcible taking of property in possession of another from his person by violence or by putting him in fear. Holdup is a common expression meaning robbery.

In considering these definitions the word "burglary," because of its limited meaning even in insurance, Mr. Dittman said, is not an appropriate designation for the kinds of protection commonly referred to by that name. Obviously under the general term "burglary insurance" are included many forms of pro-

tection against loss as the result of crime by which the owner is deprived of his property in certain ways.

### Burglary Insurance Started

The first definite record in the United States as to burglary insurance appears in 1885, when a company known as the American Protective Mutual of Reading, Pa., was organized for the purpose of writing local business. Up to 1900 there was little progress made in this field. In fact, in 1900 there were only five companies that were writing burglary insurance and their total premium volume was about \$450,000. Even up to 1910 there was slight development but from that time on rapid strides were made and today the annual burglary

premium income is well in excess of \$30,000,000.

Mr. Dittman stated that in spite of the achievements of the Federal Bureau of Investigation and the constant drive on crime by all law enforcement agencies the number of burglaries, robberies and larcenies increased considerably last year over 1936. The estimated total number of crimes last year was 1,180,786, as compared with 1,051,157 in 1936.

Mr. Dittman said that this in itself emphasizes the importance of burglary insurance. Today there is available a form of coverage for practically every situation. For the individual there is theft insurance to cover possessions in the home and possessions carried outside. For merchants and manufacturers there is robbery insurance to cover property on the highway, there is robbery, safe burglary and open stock burglary insurance to cover property within the place of business. Recently new forms of protection have been introduced which reach into the "all loss" field.

## Partnership Liability of Reciprocals

E. F. Dardnne, assistant manager of Allied Underwriters of Dallas writes as follows concerning an editorial in the July 13 issue entitled, "Partnership Liability of Reciprocals."

"The article," Mr. Dardnne writes, "is erroneous in two respects: (a) It misconstrues the opinion, and (b) the supreme court, although dismissing the writ of error of Republic Underwriters on the merits, granted the writ of error of Shoemake, who was attorney-in-fact, on the questions involved in the comment referred to; and although the granting of the writ is not conclusive of the fact that the court of civil appeals' opinion was erroneous, it is so persuasive as to lead a person of ordinary prudence to conclude that the supreme court immediately recognized the complete fallacy and sheer sophistry of the holding."

"Your article states that the signifi-

cance of the decision is in the fact 'Members of a voluntary association are liable as partners at common law.' There is no such holding in the opinion, and on the contrary the court said: 'Nor is the absence of any proof that Republic Underwriters was a partnership, as alleged, any obstacle to plaintiff's right of recovery.' There is nothing in the holding which tends to justify a conclusion that the subscribers are liable. The holding of the court of civil appeals is to the effect that the attorney in fact is liable for two reasons: (1) Common law liability predicated upon the false assumption that the attorney in fact was instrumental in the issuance of an unauthorized and illegal contract; and (2) statutory liability, based upon the false assumption that Art. 5056, R. C. S. 1925, is applicable, and under which a person delivering an illegal contract of insurance is personally liable thereon. This statute, as pointed out in the application for a writ, is only applicable to corporations, and the opinion recognizes the fact that Republic Underwriters was not a corporation.

"The comment asserts that there is no limit 'to the liability of individual members . . . on the sole theory of common law contract liability.' We challenge the commentator to point to any holding in the opinion to this effect. The holding is restricted and limited to the following: 'A. B. Shoemake (the attorney in fact) is jointly and severally liable to the plaintiffs.'

### Cites Cases in Point

"The comment is further erroneous in stating that 'There are few clear cut decisions' with respect to the partnership liability of reciprocal or inter-insurance exchanges. The supreme court of this state has definitely repudiated this doctrine in the case of Sargent vs. Goldsmith Dry Goods Co., 221 S. W. 259.

"In the case of Merchants Reciprocal Underwriters vs. First National Bank, 192 S. W. 1098, the court of civil appeals held directly the converse of the holding in the Republic Underwriters case, and said in the opinion:

"If appellant issued the policy when the law did not authorize it to do business in Texas, those acting in its name' (the manager and attorney in fact) 'might be personally liable and should be sued individually, and not as an or-

ganization, setting up the illegal acts which would render the individuals liable.'

"We do not think that The National Underwriter is to be subjected to criticism, except in the misconstruction of the opinion of the court of civil appeals, in the comment. Its comment is predicated upon the purported findings of fact of the court of civil appeals to the effect, as stated in the comment, 'The Republic Underwriters had illegally issued a policy.' This is the predicate upon which the court of civil appeals' opinion is based, and there is positively no basis in the record for such a finding; hence the granting of the application for a writ of error by the supreme court.

"We think, in justice to our company and the other reciprocals in the United States, that THE NATIONAL UNDERWRITER should correct the false impression resulting from the comment."

## Spottke Gives Background of Auto Rate Move

(CONTINUED FROM PAGE 13)

average pure premium cost per car was 26 percent lower on a non-business car than a business car. In another group of states also with a large premium volume, experience on the non-business car was 23 percent lower.

Mr. Spottke said that certain conclusions had been reached as a result of the survey. Experience on the conference business was found to be not representative; experience on the non-bureau companies was not sufficient to produce a reliable experience; the old rates did not attract the uninsured car owner.

On the Pacific Coast, Mr. Spottke said, the use of a uniform automobile rate resulted in a volume increase of 75 percent and a \$15 to \$10 drop in the loss cost per car.

The occupational plan of the non-bureau companies was a program which appealed to the public, Mr. Spottke said.

After these considerations and with the improvement in the accident situation and the reduction in fatalities, it was judged the opportune and psychological time to introduce the new bureau rating plan.

H. A. Allen, a claim investigator for the Hooper-Holmes Bureau, was high man among the 51 students that passed the examination in the course on medical jurisprudence just concluded by the Insurance Society of New York. The course in the future may be extended to cover a two-year period.

## A NEW LIABILITY POLICY



**MOST COMPREHENSIVE FORM  
WRITTEN...ALL-IN-ONE...ALL  
INCLUSIVE...COUNTRYWIDE  
BLANKET PUBLIC LIABILITY  
POLICY...COVERS EVERY-  
THING BUT AUTOMOBILE AND  
AIRCRAFT...**

**Great Lakes Casualty Company**  
BUHL BUILDING • DETROIT • MICHIGAN

## REJECTED RISKS

Insurance men found themselves in a heterogeneous classification when it was announced that Governor Horner of Illinois signed a bill providing that in the future, licenses be given only to citizens or those who have applied for citizenship. The classification applied to dentists, barbers, nurses, beauty culturists, horseshoers, insurance agents and insurance brokers.

## Agents Wanted BEAUTY SHOP LIABILITY INSURANCE

Policies written by Responsible  
American Company in business  
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# POINTERS FOR LOCAL AGENTS

## Retrospective Plan Makes Good, Employers Retain It

That retrospective rating for workmen's compensation insurance is successful is demonstrated by actual figures from the National Council on Compensation Insurance, showing that the net saving on 28 representative risks was almost 20 percent. In the higher premium brackets, risks with good experience outnumber risks with bad experience three to one. This and other interesting data on retrospective rating were brought out by Ralph Davis, Florida deputy commissioner, in one of the "hit" talks at the insurance school conducted by the Florida Association of Insurance Agents at Hollywood.

Agents in general have been apathetic to retrospective rating and last year only about \$55,000 out of \$2,800,000 compensation premiums in Florida was on a retrospective basis, most of this being on interstate business. Policyholders, however, have liked it emphatically, Mr. Davis continued, and once an assured has it, he seldom wishes to return to the old basis. In the actual risks cited by the National Council the greatest loss was \$7,940 and that assured has renewed his retrospective coverage. In contrast to this, the greatest saving was \$34,669. The average premium was \$13,375.

Mr. Davis defined retrospective rating as a method of determining the premium

cost of a risk after the loss experience has been developed. The retrospective premium is determined by adding to the basic premium the actual losses multiplied by the conversion factor for the state. This is subject to minimum and maximum premiums, which are percentages of the assured's standard premiums, varying with the size of the standard premium. The basic premium is also a specified percentage of the standard premium and this takes care of underwriting expenses, taxes and losses in excess of those contemplated by the maximum retrospective premium. The loss conversion factor takes care of the expense involved in settling losses. Mr. Davis worked out a hypothetical risk for Florida, showing the application of the various percentages. Florida differs from most states in that risks with a minimum of \$1,000 standard premium are eligible for retrospective rating. Usually \$5,000 is the minimum. The retrospective rating plan, he explained, is supplementary to experience rating.

Assured are not satisfied with experience rating, Mr. Davis maintained. It is defective in that it pays no heed to present experience, but goes back to abnormal years of 1933 through 1935, which, with 1936 and 1937, formed the basis of experience rating. Mr. Davis admitted that it is a difficult proposition

to try to explain to an irate client why he may have a debit on his risk because of losses of two or three years ago, although in the last year he had no losses at all. Retrospective rating, on the other hand, deals with the present and gives a risk full credit for its current experience, and gives that credit directly and promptly.

### For Good and Bad Risks

A common misconception of agents, Mr. Davis stated, is that retrospective rating is applicable only to "sour" lines, which cannot otherwise be insured. This is far from the case, one of the primary purposes of retrospective rating being to preserve good risks from self-insurance and mutuals. The average saving in the examples furnished by the National Council was almost 20 percent, which is the usual dividend paid by mutuals, and a large risk may save as much as 50 percent of the standard premium. The employer who elects retrospective rating saves the cost which he and the insurance company eliminate through the prevention of accidents, the expense of settling such claims and the hidden cost to the employer of all accidents. Buyers of workmen's compensation insurance who want "cost plus" insurance can get it under the retrospective rating plan. It is particularly advantageous in that it treats each risk individually, providing insurance for both normal and abnormal losses, with every incentive to prevent accidents, and the policyholder is not required to share the risk's improvement with any other risk. He stands on his own feet. An assured has

nothing to lose under retrospective rating, because several reliable stock companies will insure for a small charge the possible liability of the assured in excess of his standard premium.

Commissions, Mr. Davis concluded, are obtained at the regular rates on the minimum retrospective premium and the agent is entitled to additional commission if on audit the minimum retrospective premium is greater than the preliminary estimate.

### Write on Deferred Plan

**Question**—Will you please furnish me with names of several companies that write a sickness and accident policy on purchasers of autos, radios and other items on a monthly payment plan that will make these payments in case purchaser has an accident or sickness.

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### Washington Membership Up

SEATTLE—The membership in the Insurance Agents League of Washington has passed the 300 mark. The organization drive is being extended through this month.

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# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### C. E. Ulery Is Security National General Agent

KANSAS CITY—C. E. Ulery has been appointed general agent at Kansas City for Security National Fire of Galveston. He has established offices at 500 Victor building and will have supervision over Security National's activities in Missouri, Kansas and Oklahoma.

Mr. Ulery is well known throughout the southwest. He has traveled in all of the southwest states for the past 20 years and as a consequence has a wide personal acquaintance among the agents in that section.

### Suspend St. Louis Fees

ST. LOUIS—The executive committee of the Insurance Board of St. Louis has voted to suspend the \$100 Class 2 membership fee and the \$100 broker's registration fee until Sept. 15, provided individuals, firms or corporations were properly licensed as of June 28, as agents or brokers. This concession does not apply to those entering the business after June 28.

### Staley Joins Brown, Ginzel & Co.

WICHITA—Brown, Ginzel & Co., here has announced the addition of Max L. Staley to the firm, filling the gap made by the resignation of James Knorr to join Dulaney, Johnston & Priest. Mr. Staley was recently elected secretary-treasurer of the Wichita Life Underwriters Association, having been with the Travelers in Wichita the past two years. He is a son-in-law of L. H. Brown, president of the firm, a graduate of Wichita University and has attended the Travelers training school at Hartford. He served the General Exchange as an adjuster for two years. Brown, Ginzel & Co., is some 20 years old, originally operating as the Chapple Investment Co. Mr. Brown was secretary-treasurer of the Kansas Association of Insurance Agents for two years and is a past president of the Wichita Insurers. Carl Ginzel is secretary-treasurer of the firm. A new vice-president will be announced later.

### Don T. Hawkins Lima Manager

Don T. Hawkins has been appointed manager of the branch at Lima, O., for Western Adjustment. He takes the place left vacant by the death recently of A. C. Harrod. Mr. Hawkins for the past 1½ years has been one of the senior staff adjusters at Louisville. He went with Western Adjustment 12 years ago and was first stationed at Decatur, Ill. He was later transferred to Columbus, O. He then served for a time at Lima before being sent to Louisville.

### Graydon Is Toledo Speaker

TOLEDO, O. — Gardner Graydon, Cleveland, president Cuyahoga County Fire & Casualty Underwriters Association, spoke at the annual banquet of the Lucas County Fire & Casualty Underwriters Association, discussing the value of association training in improving insurance service. E. A. Strauss, vice-president of the Lucas county group, cited the benefits of cooperation. C. B. Aldridge described the work of the Ohio Audit Bureau and Ohio Inspection Bureau and R. C. Hyer explained methods of handling an insurance office. Among the guests were Louis Detmering, Jr., Cincinnati, and C. R. Ludwig, Findlay.

### Approve Oklahoma Amendments

OKLAHOMA CITY — At a meeting of the Oklahoma Association of Insur-

ors, amendments to the constitution were approved, among which was a reduction of the dues schedules. Among other important changes were the addition of a membership committee and a rural agents committee to the regular group of standing committees.

### R. M. Babbitt Now Casualty Head of Joyce & Co.

Robert M. Babbitt has resigned as underwriter in the Chicago head office of Zurich to become casualty manager of the Joyce & Co. agency of Chicago. Mr. Babbitt has been with Zurich in the underwriting department at Chicago 11 years. Practically his entire business experience has been with that institution. He is a graduate of the University of Illinois.

### NEWS BRIEFS

Fred G. Appel of Gregory & Appel has been named chairman of the fire insurance committee of the Indianapolis board of trade. Other members of the committee are LeRoy G. Gordner, H. G. McCotter, E. W. Hoover and O. J. Smith, Jr.

H. D. Baker, veteran agent and honorary member of the Wichita Insurers, is reported much improved from a serious illness that has kept him confined to his bed for several weeks. Mr. Baker resigned as collector of internal revenue a few months ago, but attends the Wichita Insurers meetings when his health permits.

Mrs. E. B. Curran, wife of the veteran Pratt, Kan., local agent is reported some improved from a serious illness following a second blood transfusion given by her son-in-law, Robert Moore of Harris Burns & Co. She has been confined in a Wichita hospital for a month.

The Insurance Board of Cleveland will move from the 241-Euclid building to new offices at 1830 Williamson building July 25.

Superintendent Lloyd of Ohio has abolished the position of insurance inspector held by J. F. Bittinger.

The Northwestern Ohio Mutual Protective Insurance Association, Wapakoneta, O., has changed its name to the Elevator Mutual. It will insure grain, feed and farm equipment.

W. G. Alpaugh, Jr., Cincinnati, a son of W. G. Alpaugh, Sr., vice-president and secretary Inter-Ocean Casualty, was rescued by a coast guard cutter after clinging two hours to his capsized boat on Grand Traverse Bay, Lake Michigan.

J. Ralph Wilbur, who retired some years ago as western manager of the America Fore, is seriously ill at his home, 1224 Maple avenue, Evanston, Ill. He is confined to his bed. Mr. Wilbur attended the annual meeting of the Western Underwriters Association at White Sulphur Springs, W. Va., in April and his friends noticed his appearance indicated that he was not in good shape. At that time he was fighting a streptococcal infection and evidently his system became very much weakened resulting in an attack that felled him later.

The forthcoming marriage of Miss Thora Rodsater to Harry L. Stanley the morning of July 30 in Bethlehem Lutheran Church at Hills, Minn., is of interest. Mr. Stanley is state agent of Queen City Fire of Sioux Falls, S. D. The ceremony will be read by Rev. T. A. Rodsater, father of the bride-elect. Mr. Stanley was formerly connected with the Bank of Davis at Davis, S. D.,

starting in as an office boy and becoming finally president. In 1907 he had the distinction of being the youngest cashier of a bank in South Dakota. He served that institution 17 years and for a few years was special agent for the Home. He then became vice-president of the Stanley Securities Corporation of Des Moines. In 1930 he decided to return to insurance work and became state agent for Queen City Fire. He is guardian of the Dakota Blue Goose.

After a wedding trip through the Black Hills and Yellowstone Mr. and Mrs. Stanley will be at home at 1403 West Ninth street, Sioux Falls.

## SOUTH

### Tennessee Agents Plan Fall Meeting

NASHVILLE—The annual convention of the Tennessee Association of Insurance Agents, according to announcement of Manager John D. Saint, will be held at the Hotel Hermitage, Nashville, Oct. 19-20.

A special half-day session will be held on Oct. 19 for agents writing farm business. Edward H. Born, Western Underwriters Association, Chicago, secretary of the Farm Underwriters Association, and Felix Ray, of the farm committee of the Tennessee Field Club, have been invited to assist in the formation of the program for the farm session. A new rural or farm agents department of the Tennessee Association was recently formed.

Because of the stress of so many vital matters on the association, the committee appointed to consider holding an insurance agents' school in connection with the convention has decided to postpone plans for such a school until February or March, 1940.

### Gainesville Concern Wins in Its Suit

Jury in United States district court has awarded the Pruitt-Barrett Hardware Company, Gainesville, Ga., \$20,000 for fire losses April 6, 1938, the day of the Gainesville tornado. Defendants were the Hardware Dealers Mutual Fire, Hardware Mutual Fire and Minnesota Implement Fire, with which the hardware concern was insured. They claimed the fire was caused after the four-story building collapsed on a coal stove. Lawyers for the hardware company hold the fire began before the building was wrecked by the wind.

### Texas Appropriations Reduced

AUSTIN, TEX. — Governor O'Daniel's blue pencil struck out a good many legislative appropriations for the state insurance department. The lawmakers hiked the amounts for the department over the preceding year, but the governor reduced the amounts below levels of former years. The life division's annual appropriation was cut \$37,620, the fire division's \$34,500, and the casualty division's \$14,820 or a total of \$86,940.

### County Insurance Row Settled

CHATTANOOGA, TENN. — Heads or governing bodies of Hamilton county departments will be responsible for letting insurance contracts instead of the building and grounds commission, which previously had performed this function, it was ordered by County Judge Cummings, thus bringing to an end a long-drawn-out wrangle over placing insurance on county buildings. It had held

up the placing of insurance on two newly completed county schools that had stood unprotected during the dispute.

The Hamilton county school board immediately placed \$41,000 insurance on the two school buildings, divided among 16 agents, on condition that premiums would not be taken from school funds but would be paid out of the 2 cent tax levied for county insurance purposes.

### Georgia Insurance School This Week

ATHENS, GA.—Georgia Association of Insurance Agents Institute operated in conjunction with the University of Georgia opened its sessions this week, starting Wednesday and closing Saturday noon.

There are a number of company men lecturers. F. W. Potter, supervisor of field training at the Aetna Casualty & Surety head office, is on the program for eight lectures dealing with various casualty subjects. E. Dana Johnson of Atlanta, secretary W. H. McGee & Co., marine underwriters, will have two lecture periods dealing with inland marine, bailee and transportation coverages. In the Georgia course there are lecture sessions in the evening as well as the morning and afternoon.



F. W. Potter

### Jervy Is Executive Committee Head

President J. M. Waller of the Southeastern Underwriters Association announces the new executive committee. L. P. Jervy, southern manager America Fore, Atlanta, is chairman; J. H. Hines of Hines Brothers, southern manager Crum & Forster, Atlanta, vice-chairman. Mr. Hines, a past president of the association, has been vice-chairman of the committee for two years. Milton Dargan, Sr., and S. Y. Tupper, retired managers Royal group, Atlanta, are honorary members.

Other members are: R. P. Barbour, vice-president S. E. U. A. and U. S. manager Northern of London; R. M. Anderson, vice-president National of Hartford; R. B. Barnett, Atlanta, southern manager Fire Association; Dowdell Brown, Atlanta, southern manager of Commercial Union; H. T. Cartledge, deputy U. S. manager of the Royal-Liverpool groups; Esmond Ewing, vice-president Travelers Fire; Ashby E. Hill, vice-president Home; C. M. Jerome of Jerome & Cowan, general agents, Atlanta; R. W. Michael, Atlanta, southern manager Fireman's Fund; E. N. O'Beirne, Atlanta, southern manager Automobile; A. R. Phillips, vice-president Great American; W. R. Prescott, Atlanta, southern manager Hartford Fire; L. C. Quin of Hurt & Quin, general agents, Atlanta; Paul B. Sommers, president American of Newark and past president S. E. U. A.; T. J. Southerland, vice-president North British; A. H. Turner, southern manager, Atlanta, and H. P. Whitman, vice-president Phoenix of Hartford.

### Cut Oil Well Exposure Charge

OKLAHOMA CITY — A filing was made with the Oklahoma insurance board by C. T. Ingalls, manager Oklahoma Inspection Bureau, that would



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reduce exposure charges from producing oil wells in the Oklahoma City oil field 50 percent. Members of the board have signified their intention to approve the reduction and it will probably be made effective July 17.

## Sweeney Sues for License; Is Sued

LOUISVILLE—Simultaneously with the filing of an action in the Franklin circuit court by W. T. Sweeney, of Sweeney & Co., for reinstatement of his agency license, which had been suspended by the Kentucky department for alleged violating of rules and regulations, a suit was brought in the circuit court at Louisville by Frank M. Drake and W. A. Armstrong, attorneys, representing the D. Cliffe Stone general agency of Nashville against Sweeney. This suit involves the D. Cliffe Stone agency's contract with the W. T. Sweeney & Co. agency.

Action on Sweeney's suit for reinstatement of license will probably not be heard for some time, as the court is inactive during the summer.

The Stone agency's action will be heard shortly.

Sweeney's petition declares that Sweeney has not violated "any rules or regulations" and that his 90-day suspension would cause "irreparable damage and injury" to his business.

#### Sweeney Gives Arguments

Mr. Sweeney has made public a letter that he has written to W. E. Sweeney of Lexington, Ky., in which he charged that the verdict of suspension of license had been prepared by the Kentucky department in advance of the hearing. Mr. Sweeney states that Assistant Insurance Director Vernon Rooks on June 22 stated that Mr. Sweeney was "guilty of incorrect underwriting of certain fire insurance." The verdict, which Mr. Sweeney declares was "previously prepared," showed that he was guilty of "fraudulent or dishonest practices." "I am guilty," he writes to W. E. Sweeney, "of producing a substantial saving in the insurance cost and broadening the protection for a local concern, without, in my opinion, violating any law or regulation. I am ready to point out to others how their insurance cost may be reduced. That has been my specialty for many years."

"The state seemed to be influenced against me for my helping Dr. Hunt to save his home, after the State Auto Mutual had declined to handle his case. I think insurance companies should pay losses if they accept the policyholder's premium. I'll always be found ready to help policyholders so long as I remain in the business. I am sorry if the state feels that I should not."

#### Wheat Kentucky Actuary

Dick M. Wheat has been appointed actuary of the Kentucky insurance department to succeed Vernon D. Rooks, who recently was promoted to assistant director.

#### NEWS BRIEFS

H. Z. Hopkins of H. Z. Hopkins & Co., adjusters for the assured, Atlanta, has been elected treasurer of the Civitan Club of America. He is a past president of the Atlanta Civitan Club.

O. J. Van Horn of the Cadwallader & Van Horn agency, San Antonio, and Mrs. Van Horn are receiving congratulations because of the arrival of Judith Van Horn.

The F. M. Coleman & Co. agency, San Antonio, Tex., will celebrate its 27th anniversary July 29. Mr. Coleman, who opened the agency, now has associated with him 22 people who have been with him from 10 to 25 years or longer.

The Nashville Association of Insurance Women was addressed by Miss Bettie Bell, business librarian of Car-

## President



ALFONSO JOHNSON

Alfonso Johnson, manager of the Dallas Insurance Agents Association since 1931, has been installed as president of the Dallas Rotary Club. He joined Rotary in 1921 at Columbia, Mo., while obtaining a journalistic degree from the University of Missouri. He was its first secretary. Mr. Johnson studied personnel work at Macy's department store in New York before going to Dallas in 1924 as business editor of the Dallas "News." He worked both on the editorial and news staffs of dailies. He became business manager of the Japan "Advertiser" of Tokio. He was the first trade extension director of the Dallas chamber of commerce.

negie Library, who discussed insurance books available in the library.

Commissioner McCormack of Tennessee has received a letter from Special Agent W. S. Stratton of the National Board, Huntsville, Ala., in praise of Tennessee's deputy fire marshal, J. T. Reynold, recently "loaned" to the Alabama

department to assist in an arson case at Huntsville.

A new \$200,000 athletic stadium for a Memphis high school will be christened "Crump Stadium," honoring Edward H. Crump of the E. H. Crump & Sons agency.

## COAST

## Best Is Speaker in Los Angeles

LOS ANGELES—A. M. Best, head of the Alfred M. Best Co., New York, who spoke before the Bar Association insurance section in San Francisco, was honor guest at a dinner sponsored by the Hollywood Association of Insurance Agents, with 150 present, comprising members of the host association, Glendale, Burbank, Whittier and Santa Monica associations, Insurance Exchange of Los Angeles, Life Managers Association and Life Underwriters Association of Los Angeles, talking on the economic situation and calling attention to governmental activities that seemed to be adverse to insurance.

#### Decries Burden of Taxation

Decrying the rising burden of taxation on industry generally, he said that with respect to insurance companies it might be noted that the entire cost of state supervision of insurance consumes only about 5 percent of the taxes paid by the companies to the states alone, and federal taxes are pyramided on the local taxes.

In his opinion the anti-monopoly committee investigation of the life insurance industry proved a "flop" and he anticipated a similar result for the fire insurance investigation. Serious as some problems are, he said he does not believe that insurance in the light of its past record, faces any danger that it cannot meet.

Following Mr. Best's talk he invited questions, and for more than an hour the meeting took on the appearance of a round table discussion. In response to a question as to how he views fire

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stocks now, in contrast to their status at the start of this century, he said the tremendous increase in resources of the companies obviously has afforded a greater safety factor. Casualty companies, he observed, are coming more to the front as experience records enable them better to cope with operating problems, and current year earnings may not be "nicked" as severely as some think.

The next day he spoke before a meeting of investment men. Discussing fire insurance companies from the investment angle, he pointed out that they today are in the strongest financial position in their history. The only problem faced is the constant increase in taxes, which also applies to the other insurance groups.

In the casualty group he said the premium volume has passed the fire group, totaling \$1,000,000,000 annually compared with \$900,000,000 for fire companies. The casualty business has been on a profitable basis for three years, increasing each year.

He declared that any move to place the insurance business in this country under guidance of a government bureau "won't get to first base." In discussing the situation in regard to automobile rates, he said if the companies would refuse to insure the driver who has a bad record they could get by with the reduced rates.

### Otis Clark New Head of Reinsurance Underwriters

SAN FRANCISCO — Otis Clark has been named president and general manager of Reinsurance Underwriters, Inc., having purchased an interest in the business from the estate of the late Harold D. Haupt, former president. Mr. Clark for the past ten years has been with the Bankers & Shippers group, serving in various capacities, including the underwriting department, as a field man and working closely with Harold J. Johnson, assistant manager of the group. Before entering insurance he was with the California National Bank at Sacramento and later with the Metropolitan Building and Loan Association in San Francisco.

Reinsurance Underwriters, Inc., organized ten years ago under the management of Mr. Haupt, who died several weeks ago, has grown to be one of the largest reinsurance offices west of Chicago and has continuously represented the American Reserve of New York and the General of Paris.

### Manning Opens New Coast Department in Los Angeles

LOS ANGELES—Blagden Manning, recently appointed Pacific Coast manager by the American Home Fire of New York, has opened up the Pacific Coast department offices in 902 Citizens National bank building, Los Angeles.

Mr. Manning, who has been in insurance work in Texas for a number of years and is well known in that state, says the company, which heretofore has operated here under a general agency contract, will continue a member of the Pacific Board and will, as soon as the plans are completed, open an office in San Francisco as well as Los Angeles.

Agents in California and Arizona will report direct to Mr. Manning in Los Angeles, following the development of an agency and field force, while Washington and Oregon may report to the home office, but will be under Mr. Manning's supervision.

### Los Angeles Legion Slate

LOS ANGELES—Insurance Post 513, American Legion, has nominated this slate to be voted on Aug. 3: Commander, Grover S. Spoor, Pacific Indemnity; first vice-commander, J. L. Kanne, broker; second vice-commander, Everett Van Ness, General of Seattle, and James Bruce, insurance garage man; finance officer, Carl Beahm, broker; judge advocate, I. J. McDon-

ald, insurance attorney, and Walter Brown, Pacific Employers; executive committee, S. M. Kabateck, Employers group; William Sutton, Pacific Employers; Myron Ayres, insurance manager; Lyman McFall, adjuster.

### New Hop Form Provision

PORTLAND, ORE.—The Oregon Insurance Rating Bureau announces a new mandatory provision for attachment to policies covering hops under hop growers interest forms, the new clause to be "loss reduction by purchase of unallotted hops clause." The purpose of the amendment is to prevent hop growers from making a profit at the expense of the insurers because of the government control of hop prices under the regulation exercised by the Hop Control Board.

### NEWS BRIEFS

Sam Lee, head of the Chinese Historical Society in San Francisco, addressed the San Francisco Insurance Women's League on "Chinese Life in San Francisco." Milton Monasch, northern California manager of the medical and hospitalization department of Associated Indemnity, will speak in August.

Home office employees of the Fireman's Fund group have organized a combination social and athletic club. Lauren Addison is president; Jack Lubbock, first vice-president; George Mason, second vice-president; Ray Webber, treasurer, and Louise Brownhill, secretary.

James R. Roth has been appointed special agent for the office of Thomas V. Humphreys, Pacific Coast representative of National F. & M. and general agent for other companies. Mr. Roth had previously been connected with Firemen's group and Commercial Union.

The Portland, Ore., insurance fraternity participated in the "insurance day" outing at Jantzen Beach Park. Harvey Wells, well-known general agent, was chairman of the outing. Phil Grossmayer was program chairman.

A. A. Comrie, vice-president of Charles W. Sexton Company, Portland, Ore., became a double grandfather when twins, boy and girl, arrived at his son's home.

Frank Burns, Seattle reinsurance executive and general agent, has returned from a two months visit to London Lloyds.

H. M. Gould of the well known Seattle general agency of Gould & Gould, is on a tour of the agency's representatives in Alaska.

A special "Insurance Night" is being held July 20 by the Insurance Softball League of San Francisco with employees of the companies as special guests and games played by the Home of New York vs. Cosgrove & Co.; Loyalty group vs. Home Owners Loan Corporation, and Pacific Board vs. Fireman's Fund.

Inspectors and engineers of the Mountain States Inspection Bureau attended a three-day inspectors meeting of the bureau in Denver, in which the analytic system was reviewed. The sessions were supervised by Kent Parker of the Western Actuarial Bureau.

## EAST

### Conn. Department Report Reviews 1938 Operations

HARTFORD—While underwriting experience on the total business transacted by all licensed fire companies in 1938 did not differ materially from the returns of the previous year, the investment results differed widely, according to figures contained in the report of the Connecticut department, which shows 297 fire and marine companies reported

to the Connecticut department last year.

Net claims incurred by the Connecticut stock fire companies throughout the country increased from \$48,359,637 in 1937 to \$52,347,178 in 1938, while their premiums earned rose from \$120,171,621 to \$124,837,509. Their loss ratio on country wide business in 1938 was 41.93 percent, compared with 40.24 percent in 1937. Their underwriting expense ratio in 1938 was 52.57 percent, compared with 54.55 percent in 1937.

Connecticut stock fire companies made an underwriting profit of \$6,938,720 in 1938, compared with \$6,131,604 in 1937. Their investment gain in surplus was \$24,107,684, compared with a corresponding loss of \$19,566,510 in 1937.

Net fire claims paid in Connecticut in 1938 rose sharply from \$3,265,760 in 1937 to \$5,001,617 in 1938. Net premiums written on the same business differed only slightly in the two years, being \$10,748,759 in 1937 and \$10,814,039 in 1938. The percentage of net fire claims paid to net premiums written in Connecticut was 30.38 in 1937 and 46.25 in 1938.

Total net claims paid in Connecticut in 1938, including fire and allied lines written by all licensed companies, were \$8,553,222, compared with \$4,708,993 in 1937, tornado losses contributing over \$1,500,000 to this increase. Total net premium income in 1938 from all lines was \$14,237,929, compared with \$14,525,022 in 1937.

Leaders in net fire premiums written in Connecticut in 1938 were: Aetna Fire, \$387,718; Hartford Fire, \$384,956; National Fire, \$362,796; Home, \$354,688; Travelers Fire, \$313,975.

### Mid-West Pa. Group Meets

NEW BETHLEHEM, PA. — About 40 agents and guests attended a luncheon meeting of the Mid-West Pennsylvania Association of Insurance Agents here. Speakers included Frank D. Moses, secretary, and W. Ray Thomas, vice-president of the Pennsylvania Association of Insurance Agents.

The organization, which covers Armstrong, Butler, Clarion, Indiana and Jefferson counties, was formed about a year ago and has been an outstanding success. J. H. Abrams, Butler, is president, and H. M. Fines, Butler, secretary-treasurer.

### N. Y. Federation Dates Are Set

The annual meeting of the Insurance Federation of New York will be held at the Hotel Arlington, Binghamton, Oct. 13-14. The decision was made by the executive committee.

### Public Building Hazard Warning

BALTIMORE — Commissioner Gontum of Maryland before the Maryland State Fireman's Association's annual convention said that many public buildings constituted dangerous fire hazards, and that if a blaze broke out in one of them, shocking and needless loss of life could hardly be avoided.

### Ryans Form New Firm

BOSTON — William C. Ryan and William C. Ryan, Jr., who recently resigned from the firm of Robert S. Hoffman & Co., have incorporated a new general agency in Boston under the name of Walter C. Ryan & Co., and will soon open offices at 55 Kilby street. They will represent the Dubuque Fire & Marine and allied companies.

### New Hoffman Firm Members

BOSTON — A. A. Zink and J. F. Fitzgerald have been made members of the firm of Robert S. Hoffman & Co. Mr. Zink has been with Mr. Hoffman 24 years and Mr. Fitzgerald for 23 years. Both are made vice-presidents.

Three new examiners have been appointed by the Pennsylvania department: L. H. Williams, Shenandoah; C. P. Stecker, Jr., Easton, and D. W. Myers, Shamokin.

## MARINE

### Market Thin for P. & I. on Outboard Motor Boats

In a recent article, the impression was created that an opportunity exists for agents to sell protection and indemnity insurance to owners of outboard motor boats of various kinds. Perhaps this is a form of insurance that could be sold, but the market for the coverage is exceedingly thin. All of the marine writing companies treat such risks as accommodation business and they are not inclined to be very accommodating. About the only type of risk that is taken, even on an accommodation basis, is the outboard motor boat that is owned by a person of considerable means, who has a variety of properties and is insurance-minded.

The hazard of outboard motors is regarded as considerable. Many of these craft are operated by youngsters who engage in stunting, showing off, even darting as close to bathers as possible.

Most of the boats propelled by outboard motors are inexpensive and marine underwriters say that they look upon such risks with about the same attitude as does the casualty underwriter who is asked to write public liability insurance on a car that is worth only \$100 or \$200.

### Construed as 'Inland' Dredge in Grays Harbor, Wash.

The attorney-general of the state of Washington, in response to an inquiry from Commissioner Sullivan, has delivered the opinion that insurance on a dredge operating in Grays Harbor, Wash., is to be classified as inland marine insurance and may be written by an insurance company that is licensed to write inland marine but not ocean marine coverages. The company in question is Northwestern Mutual Fire of Seattle. Northwestern Mutual submitted a proposal on the dredge under an inland marine form. Competing companies contended that the coverage is one of ocean marine insurance, for which

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Northwestern Mutual is not authorized. The Northwestern Mutual policy contains a warranty that the operations of the dredge will be confined to the inland waters of Grays Harbor, eastward of a line between Westford Lighthouse and Lone Tree.

The attorney-general pointed out that there has been much shipping, transportation and navigation strictly limited within the waters of Puget Sound. The state claims and exercises the right to regulate in certain respects such strictly limited shipping. "It seems to us," the attorney-general stated, "that if we are to give the term 'inland navigation' any meaning whatever, we must conclude that it was intended to apply to navigation upon such waters as Grays Harbor, Puget Sound and Willapa Harbor."

#### Great Lakes Season Satisfactory

The marine underwriters are experiencing a fairly satisfactory season on the Great Lakes. At any rate, the record is good in comparison with last year, which was exceptionally poor. A greater number of boats are out this year and more coal and ore is being moved. In 1938 only about one-third as much iron ore was carried as in previous years.

Movement of wheat was active earlier in the season, but has now subsided.

Much of that activity was on account of Canadian wheat out of Fort William and Port Arthur.

There have been several losses on the lakes so far this year, the principal one being the sinking of the D. P. Thompson as a result of a collision off Port Huron, Mich. She had a cargo of coal. The total insurance loss is estimated at \$30,000 to \$40,000.

## MOTOR

### Bankers Commercial Owns Mt. Beacon

The Mt. Beacon Insurance Company of New York has been licensed with capital of \$200,000 and surplus of like amount. It was organized by the Bankers' Commercial Corporation of that city, which owns all the stock. The company will specialize on automobile, fire, theft and collision emanating from the financial operations of the parent company. G. G. Foster is chairman of the board; R. W. Lawrence, president; G. L. Eaton, first vice-president; W. L. White, E. C. Hunter, O. C. Cameron

and James Reiner, vice-presidents; William Trebing is secretary. F. E. Sammons, a member of the board, is vice-president and a director of the Hanover Fire. Vice-president R. W. Lawrence is a Hanover Fire director.

### American General's Finance Affiliate

HOUSTON, TEX.—Formation of an automobile finance company to be affiliated with and under the same management of the American General of Houston and to be known as the American General Investment Corporation, has been announced by Gus S. Wortham, president of the fire company. It will begin operations Aug. 1 and will offer its services to agents of the insurance company.

The finance company is starting with 50,000 shares of capital stock of no par value which was sold to stockholders of the American General at \$5 per share, with the proviso that \$4 per share be considered as capital and \$1 as surplus, thus giving the company \$200,000 capital and \$50,000 surplus. The new company's officers and directors are the same as those of the insurance company, except that W. M. Cassin, formerly Houston manager of the Universal Credit Company, has been named vice-president and manager. Mr. Cassin has had many years of experience in the automobile financing field in Houston and other cities.

It is contemplated that the insurance company shall ultimately acquire all of the stock of the investment company and accordingly the original subscribers have given the company the option to buy within two years at the price they paid, with 6 percent interest.

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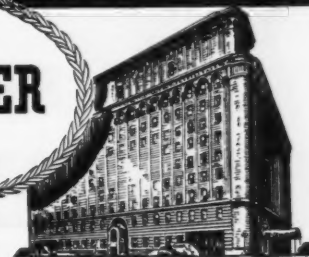
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**PITTSBURGH**  
RICHARD H. NASH, MANAGING DIRECTOR

according to Assistant Attorney-general Nelson.

The company contended it owed no taxes in Lincoln county (North Platte)

because its agents all are located in Douglas county (Omaha). Mr. Nelson says the law requires taxes to be paid in the county where the agent contracted for the premiums.

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## CANADIAN

### Canadian Agenda for Annual Meeting

The agenda for the annual conference of the Association of Superintendents of Insurance for the Provinces of Canada to be held in the Mount Royal Hotel, Montreal, Aug. 21-24, has been promulgated. H. G. Garrett, British Columbia, is president; E. B. MacLachy, New Brunswick, vice-president; H. D. McNairn, Ontario, secretary. A. E. Fisher of Saskatchewan heads the fire insurance committee. It will consider changes in the uniform fire insurance act. Inasmuch as the new proposed standard fire policy has been approved by the National Association of Insurance Commissioners that will come before the committee.

Mr. McNairn is chairman of the uniform definitions and interpretation of underwriting powers of fire, marine and casualty companies. That committee will give consideration of legislation to include in fire insurance the various

coverages now contained in the supplemental contracts. Further consideration will be given as to what extent the fire statutory conditions should apply to the miscellaneous additional coverages which are included in these contracts. A report will be made on the proposed uniformity in definitions of classes of insurance and licensing, between the Dominion and provincial insurance acts. McNairn is chairman of the automobile insurance legislation and standard forms committee. Consideration will be given to any proposed automobile insurance legislation. McNairn is also chairman of the accident and sickness insurance legislative committee. Consideration of the report of the subcommittee to recommend a definition of group accident and sickness insurance and the report of the committee of accident and sickness insurance underwriters, also appointed in June 1937, to study the standardization of contract wording and main indemnifying or insuring clauses in accident and sickness contracts will be given.

#### Consider Report Forms

Georges LaFrance of Quebec is chairman of the annual statement blanks and valuation of securities. McNairn is chairman of the agency development committee and will give consideration to the new standard form of return now in use in the several provinces and report of the quarterly returns of agents' overdue balances. Further consideration of the proposed model system of records for agency business presented to last year's conference will be up.

MacLachy is chairman of the licensing and regulation of insurance agents and will give consideration to the recommendations carried over from last year's meeting.

McNairn heads the marine insurance committee. There will be a report of the special committee regarding the advisability of including in the statutes of each province an act similar to that of British Columbia.

### Baldwin Elected President of Canadian Loss Bureau

MONTREAL—At the annual meeting here of the Fire Underwriters Investigation & Loss Information Bureau of Canada, President C. S. Malcolm reported that 220 companies, the highest number since 1923, are now members. These officers were elected: President, W. E. D. Baldwin, Continental, Montreal; vice-presidents, L. T. Hargreaves, Pearl, Toronto, and Adam McBride, Great American, Montreal; manager, Harry Rethoret.

### Insurance Well Represented at the New York Fair

(CONTINUED FROM PAGE 13)

an amphitheatre, dominated by a reproduction of the famous Equitable statutory group, "Protection," which slowly revolves atop a 36-foot pedestal.

The fire-safe home, located in the Town of Tomorrow is the answer of the Home Fire of New York to the death and destruction fire brings each year. A dignified, livable house, the fire-safe home is unpretentious, emphasizing the quality and fire-safeness of the materials used to build it.

The house has a modern Colonial charm. For visiting agents of the company, the two-car garage and two rooms over it have been turned into restful lounges. A handsome booklet illustrating famous American houses, the series which is being published in THE NATIONAL UNDERWRITER, is being distributed.

#### Metropolitan Life's Exhibit

At the entrance to the Metropolitan Life's exhibit in the Business Systems & Insurance building attention is attracted by a centrally located sculpture group, symbolic of the American family. A man, woman and child are walking hand

in hand as they look forward serenely to the future.

In addition to the exhibits insurance companies have worked quietly behind the scenes handling a multitude of insurance problems.

Because of its size, possibilities, number of employees and responsibilities to its millions of visitors, the fair not only demanded untold amounts of coverage, but it even caused the insurance companies to design special policies.

#### Premiums Total \$10,000,000

Practically every major company had a part in insuring the possible hazards of this \$155,000,000 project. Harold Hyer, insurance director of the fair, with a committee of insurance executives, agents and brokers, tackled the problem early in fair's history. The group handled only the coverage needed by the fair corporation, leaving to participating exhibitors entire freedom to select their own agents and insure their own hazards.

It is estimated that the fair created approximately \$10,000,000 new fire, casualty, surety and marine premiums. Roughly, this total separates into 60 percent for public liability, compensation and allied lines; 25 percent for fire insurance; 15 percent covering automobile, fine arts and other marine coverage.

#### Over 1,600 Exhibitors

Insurance problems of 1,600 exhibitors in 200 major projects had to be considered. Restaurants, food concessions, purveyors of the hot dog and hamburger have to protect themselves with products liability. Exhibits with stairs, ramps, polished floors and other threats to unwary feet need public liability protection. Hundreds of delivery cars, buses, tractor trains and motor guide chairs bring up the possibility of injuring pedestrians.

There are \$30,000,000 worth of paintings and fine arts on exhibit; \$5,000,000 worth of jewels in the House of Jewels; a \$2,000,000 collection in the Belgium exhibit—all needing inland marine coverage. In the amusement area 10 percent of the gross income or 25 percent of operating expenses goes for insurance protection.

Edward A. Gibbs, Los Angeles agent, has just returned from a three months automobile tour of Europe.

### Broker Wins Decision on Prior Right to Line

The appellate division of the New York supreme court has handed down a decision in an action brought by a broker against an assured and Fidelity & Casualty. The point at issue was the right of the carrier to accept a line through another source after it had issued a binder thereon to one broker.

F. & C., after being informed by the assured that it would not accept the indemnity unless another broker placed it, changed the name of the broker as requested. The broker initially handling the business brought suit against the company for commission and against the assured for alleged breach of contract. The decision of the trial court against Fidelity & Casualty was affirmed while that dismissing the action against the assured, was remanded for retrial.

#### Continental Casualty's Policy

Continental Casualty now has on the market a new accident policy which it is issuing in conjunction with its automobile liability policy, and which originated in the Los Angeles office of California Agencies. It is available to assured holding the company's liability policy or for any immediate member of the family, and covers while riding in any private automobile, or when struck or run down by any automobile on any highway. The policy carries a principal sum of \$1,000, with the usual indemnities for dismemberment and also provides for medical reimbursement, nurses and hospital fees up to \$300. It is issued ages 10 to 65, at a premium of \$5.

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